



Daily Report

China

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Daily Report

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General

U.S., ROK Discuss Possible Sanctions Against DPRK

*OW0606222794 Beijing XINHUA in English 2148
GMT 6 Jun 94*

[Text] Washington, June 6 (XINHUA)—U.S. Assistant Secretary of State Robert Gallucci continued discussions with South Korean Foreign Minister Han Sung-chu in New York today on possible sanction against the Democratic People's Republic of Korea (DPRK), the State Department announced here.

Gallucci began consultations on possible sanction against the DPRK with a South Korean special envoy and Japanese officials in Washington on Friday [3 June] and Saturday.

"We've had useful and productive consultations so far with officials from Japan and the Republic of Korea," said Christine Shelly, State Department spokeswoman, at a regular news briefing.

"All sides had agreed to consult closely as the U.N. Security Council considers its next steps on the North Korean nuclear issue," Shelly said.

"We are also continuing our exchanges up in New York, via the Security Council mechanisms and discussions in that context," she added.

"I think there's a very full range of exchanges on this right now," she claimed, but "at this point, no draft resolution has been circulated or distributed in the council."

Undersecretary of State for Political Affairs Peter Tarnoff will be traveling to Japan and South Korea this week for more discussions, Shelly said.

APEC Trade Promotion Seminar Opens in Beijing
*OW0606131394 Beijing XINHUA in English 1252
GMT 6 Jun 94*

[Text] Beijing, June 6 (XINHUA)—A Chinese assistant minister of foreign trade said here today that China regards it important to develop further its economic relations with members of the Asian-Pacific Economic Cooperation Organization (APEC).

At the opening ceremony of the 3rd APEC Trade Promotion Training Course and the 4th APEC Trade Promotion Seminar here this morning, Sun Zhenyu, assistant minister of foreign trade and economic cooperation, said that China's major trading partners and markets are in the Asia-Pacific region.

China's import and export volume with other APEC members has made up 75 percent of its total trade, and 90 percent of foreign direct investment China has so far used originated from APEC members.

The seminar is the first APEC has held in China, which joined the organization in 1991.

At the three-day seminar, Chinese trade officials and academics will exchange information, views and experiences on trade promotion with other participants.

'Special Commentary' Views NATO's 'Partnership for Peace'

*HK0606124794 Beijing RENMIN RIBAO in Chinese
2 Jun 94 p 6*

[“Special commentary” by Fang Ming (2455 2494): “NATO and Russia”]

[Text] While attending the meeting of defense ministers of the North Atlantic Cooperation Council in Brussels on 24-25 May, Russian Defense Minister Grachev stated that Russia would “unconditionally” sign the “partnership for peace plan,” but he stressed that Russia must first establish a bilateral security mechanism with the North Atlantic Treaty Organization (NATO). NATO was not willing to compromise and so the two sides laid aside the issue of signing the “plan” once more.

NATO’s “partnership for peace plan” was put forward in January this year. To date, 18 East European countries, countries separated from the former Soviet Union, and neutral countries of Europe have signed the “plan” with NATO and five of the partners have submitted “memoranda of cooperation” to NATO. The “Partnership for Peace Plan Coordination Group” formed by military officers of the partnership states was set up at NATO’s Supreme Headquarters Allied Powers Europe on 18 April, the liaison group will start work at NATO headquarters on 3 June, and the partnership states will carry out joint military exercises in the next few months. The implementation of the “partnership for peace plan” will undoubtedly strengthen NATO’s position and role in modeling a new pattern for the future security of Europe.

However, the plan has also met many problems: a crisis of confidence in the “plan” among East European countries; different views among NATO member states, difficulties in raising the large amount of funds needed for the implementation of the plan, and so on. However, the greatest difficulty is how Russia should join the “partnership for peace.”

Since the beginning of this year, many negotiations on Russia joining the “plan” have been held within NATO and between NATO and Russia. Russia has changed its position on several occasions and this has greatly troubled NATO. The two sides have reached an impasse on the issue of a “special relationship.” In the beginning, Russia adopted an attitude of opposing the “plan” and later expressed on 21 April its willingness to sign the “plan” with NATO under the condition that NATO should give Russia the “status of a special partnership state.” Because NATO did not agree to meet Russia’s demand and other factors, Russia did not sign as scheduled. In addition, Russia also formulated a “document

on cooperation projects" which it intended to sign with NATO. The document demands that NATO should inform Russia about bilateral activities with other partnership states and that should NATO take any action which involves the security and interests of Russia or other members of the CIS, it first obtains the agreement of Russia, and Russia may carry out joint exercises with NATO within the scope of peace-keeping and other humanitarian activities, but will not cooperate with NATO in the formulation of military strategies, defense budgets, the modernization and standardization of weapons, training of military officers, and so on. On 6 May, Grachev announced in Moscow that Russia had drafted new ideas on the "partnership for peace" concerning the security of Europe which would enable Russia to "play its role in the establishment of a collective security structure in Europe."

It appears that the main considerations which have caused Russia to change its attitude of opposing the "plan" to joining it on certain conditions are as follows: The first is to avoid being isolated and to maintain a distance in relations between NATO and the countries of central and Eastern Europe. The second is to try to establish a special relationship with NATO, to jointly manage the countries of central and Eastern Europe with NATO, and to gradually turn NATO's plan into Russia's strategic idea of a "pan-European partnership relationship" so that Russia can play a greater role in any European security system in the future. The third is to alleviate differences and contradictions on this issue within Russia.

At present, NATO can be said to be in a dilemma. On the one hand, NATO knows full well that it is impossible to stabilize security in Europe without Russia, and it therefore hopes Russia will join the "plan." This would make use of Russia's strength and influence and could also transform and restrain Russia. On the other hand, NATO does not want to give a special position to Russia. Otherwise, other partnership states will be disappointed and dissatisfied. At the same time, NATO wants to prevent Russia from making use of such a special relationship to take an equal footing and to change the original objective of the "plan." At present, people at NATO's highest level are stepping up negotiations with various sides and are striving to reach special cooperation with Russia while not openly recognizing Russia's special position. Since neither NATO nor Russia wants to return to a state of hostility, they may eventually sign the "plan" on the basis of compromise, but this does not mean differences between the two sides will be removed. Cooperating with each other while struggling against each other will be a major characteristics of the "partnership for peace" between NATO and Russia. As for how things develop, the "plan" may be like the Conference on Security and Cooperation of Europe or the North Atlantic Cooperation Council and could become merely nominal. At the least, the original idea of the United States and the NATO states will be changed.

Bosnian Cease-Fire Talks Start in Geneva

*OW0606184094 Beijing XINHUA in English 1716
GMT 6 Jun 94*

[Text] Geneva, June 6 (XINHUA)—The Bosnian cease-fire talks between the warring factions started here today following a confirmation of total withdrawal of armed Bosnian Serbs from the U.N.-declared exclusion zone around Gorazde.

The talks, scheduled for June 2, were postponed because the Muslim side refused to show up at the talks before the Bosnian Serbs withdraw from the U.N.-protected area.

Earlier today, the Bosnian Army command and U.N. peace-keeping force confirmed the pullout of the Serb troops from the zone, clearing the way for the truce negotiations.

Akashi met Bosnian Vice-President Ejup Ganic, Bosnian Croat leader Kresimir Zubak and Bosnian Serb leader Radovan Karadzic separately today to discuss with them his draft proposal for the cease-fire talks.

It was reported that Akashi was calling for a four-month truce with separation of forces and withdrawal of heavy weapons from conflict lines.

Face-to-face talks among the warring factions are expected on Tuesday [7 June].

'Roundup' Views Outcome of NAM Foreign Ministers Conference

*OW0306142694 Beijing XINHUA in English 1304
GMT 3 Jun 94*

[("Roundup" by Wu Xiaojun and Liu Shun: "Non-Aligned Movement Seeks To Play More Effective Role")]

[Text] Cairo, June 3 (XINHUA)—Foreign ministers or representatives from 109 Non-Aligned Movement (NAM) member states gathered in Cairo from May 31 to June 3, discussing future role of the NAM under the new world situation.

The world has seen great changes since the ending of the Cold War with the disintegration of the former Soviet Union. How to face the new challenges and make NAM become more effective through adjustment becomes a focal point of discussion during the four-day 11th NAM foreign ministerial conference.

U.N. Secretary General Butrus Ghali's envoy to the conference spoke on behalf of Butrus-Ghali that the Non-Aligned Movement, as other world organizations, came to a cross-road and needs to reaffirm its duty in today's world.

The envoy asserted that as an inter-continent movement, NAM can play a special role in the international political sphere.

Delegations to the conference confirmed that as an important forum and channel for maintaining the interest for developing countries, NAM also has its own function. Its principle of independence, self-determination, non-alignment, non-blocking and maintaining world peace, disarmament and establishing new international economic order still has vitality.

The ministers pointed out that the NAM countries should strengthen its coordination and take unified stands on major international issues, in a bid to produce more voice in the United Nations and strengthen negotiating power in dialogue with the developed countries.

It is widely agreed that peace and development are still two major task for the NAM. Egyptian President Husni Mubarak said at the conference opening ceremony that facing the challenges posed by the changes in the world, the Non-Aligned Movement is required to stand up as representative of the whole developing world and strengthen its coordination with Group [of] 77.

As for security issues, many delegates to the conference expressed concern over the fightings and conflicts in some developing countries. They called for peaceful and political means for solving the conflicts and fightings in Bosnia-Herzegovina, Somalia, Rwanda and Yemen.

Ministers said the developing countries witnessed sluggish economic growth due to historical reasons, unfair trade [as received] and debt problems. Thus they should make persistent efforts to build a new international economic order.

They called on the movement to promote South-South cooperation and South-North dialogue and has closer contacts with Group 77.

Govind Narain Srivastava, Indian delegate to the conference, said the end of Cold War does not mean that the Non-Aligned Movement has outlived its utility.

He said, "It is widely agreed that although political items will continue to attract attention of the movement, the major focus will, certainly, be on the economic issues."

As the gap between the developed and developing world widens, the movement shall have to assign maximum priority to the economic contents and take concerted action for economic prosperity, he added.

Though the ministers said the movement should strengthen coordination among its member states in economic field, most of them believed that the NAM would play a greater role in the political sphere.

The conference concluded with the issuing of the "Cairo Declaration," which will be the guidelines for the approach of the 109-member movement toward political and economic issues of interest to NAM countries.

The Non-Aligned Movement was established in 1961. South African Foreign Minister Alfred Nzo participated

in the conference and his country was accepted as NAM's 109th member state.

New Ambassadors to Gambia, Lesotho, Mexico Appointed

*OW0406132094 Beijing XINHUA in English 1245
GMT 4 Jun 94*

[Text] Beijing, June 4 (XINHUA)—Wang Jiaji was today named as the new Chinese ambassador to the Gambia. He replaces Lin Tinghai, who becomes the ambassador to Lesotho.

Zhang Shaying was named as the new Chinese ambassador to Mexico in succession to Huang Shikang.

The appointments were made by President Jiang Zemin on the decision of the Standing Committee of the National People's Congress.

United States & Canada

U.S. Calls For Immediate Cease-Fire in Yemen

*OW0606222694 Beijing XINHUA in English 2015
GMT 6 Jun 94*

[Text] Washington, June 6 (XINHUA)—The United States today joined the Gulf Cooperation Council (GCC) in calling for an immediate cease-fire in Yemen and adherence to all provisions of U.N. Security Council Resolution 924.

The GCC issued a statement on June 4, expressing its support for the Resolution 924, which seeks an end to the crisis in Yemen.

The United States welcomed the statement and agreed with the GCC that Yemen's problem cannot be solved through military means, State Department Spokeswoman Christine Shelly told reporters at a regular news briefing.

"The United States looks to the GCC to continue its positive role in the Yemen crisis," Shelly said.

"The U.S. strongly believes that all parties in Yemen must begin to work together to achieve reconciliation, without which peace and stability in Yemen are not possible," she said.

"We continue to call on both parties to halt the fighting immediately and to agree to resume their political dialogue, representing all Yemenis, which we believe can begin the process of reconciliation," she added.

The United States also urged both sides in Yemen to facilitate the efforts of the U.N. secretary general's fact-finding mission to Yemen.

Kissinger, Vance Hail Clinton's Decision on MFN
OW0606160194 Beijing XINHUA in English 1534
GMT 6 Jun 94

[Text] Washington, June 6 (XINHUA)—Henry Kissinger and Cyrus Vance today hailed President Clinton's decision on extending most-favored-nation treatment status for China and decoupling that status from human rights issues.

The result of this "difficult but correct decision," they said, is a New China policy, which "will better serve both American interests and those of peace and stability in Asia."

The two former secretaries of state made the comments in an article entitled "The Right decision", published in the WASHINGTON POST Monday [6 June].

They pointed out that America's broader interests in Asia "require a reasonable relationship" with China, and that peace and economic progress in Asia are in America's interest and require Chinese-American cooperation. Stability in Asia is in America's interest but is only possible if both America and China are engaged in its pursuit. "Withholding MFN would have ruptured one of the world's most important bilateral and potentially productive relationships," they noted.

They went on to say that the United States and China share many other interests in the region, which "can best be advanced through a regular, comprehensive and frank dialogue at the highest levels." They described the meeting in Seattle last November between President Clinton and his Chinese counterpart Jiang Zemin as "a useful first step," and expressed the hope that "with the MFN decision behind us the two leaders will establish a strategic dialogue between our two countries."

Praising the administration's New China policy for opening the door to broadening and strengthening U.S.-China relations, they reminded that pursuing better relations with Beijing is not a favor which America bestows on China. "It is in America's interests. America and China need each other in our mutual search for regional stability."

Referring to the importance of China's cooperation to the United States on a number of major issues, Kissinger and Vance warned that China's cooperation on these matters cannot be taken for granted. "China will base its decisions on a hard-headed assessment of its own national interests, as will we. Settling the MFN-human rights issue, vital as it is, does not guarantee smooth sailing on other issues."

But they stressed in the article that cooperation is more likely to be forthcoming "if Washington and Beijing both work to strengthen the central strategic relationship between our two countries."

'Round-up' on Effect of NAFTA on U.S.-Mexico Trade

OW0606193494 Beijing XINHUA in English 1925
GMT 6 Jun 94

[("Round-up" by Wang Nan: NAFTA, Five Months in Effect)]

[Text] Washington, June 6 (XINHUA)—Uncle Sam's imports from Mexico are rising faster than the country's exports to the south of its border.

And its trade surplus with Mexico, long a pride for Washington, is shrinking.

Who is to blame? The North America Free Trade Agreement (NAFTA), the sluggish Mexican economy, or the U.S. economy, where recovery is steady with growing appetite for anything that is foreign?

In the first quarter of this year, the Department of Commerce reported, U.S. imports from Mexico increased by 22.5 percent, as compared with the increase of its exports to Mexico, which stood at 16 percent.

During the same period, the department said, the U.S. trade surplus with Mexico declined by 45.1 percent, to 560 million U.S. dollars.

NAFTA, effective since the beginning of this year, eliminated the tariffs of half of the goods traded between Washington and Mexico city. The tariffs of others are scheduled to be phased out in 15 years.

Mexico's trade barriers are high. Peso is strong. And it is almost the consensus of economists and trade analysts that once the tariffs are eliminated, Mexico's imports from the U.S. will grow faster.

The big three U.S. automakers in Detroit already said that they are able to export some 55,000 vehicles to the south of the border in 1994.

But at the same time, Mexico's car exports to the U.S. climbed 48.3 percent in the first quarter to 728 million dollars as compared with the same period last year, according to the Department of Commerce.

NAFTA is expected to create some 200,000 jobs in this country before the end of 1995, the government said. Some 30,000 jobs have been created so far.

Speaking over the weekend, U.S. Trade Representative Mickey Kantor stressed that the content of the U.S. trade with Mexico and the increase in U.S. exports to Mexico are more important than the balance of trade.

In a recent poll of 1,500 manufacturers across the country by the Coopers & Lybrand, half of the companies said that they are considering doing business in Mexico.

More than 75 seminars on exporting to Mexico were sponsored by the Department of Commerce across the country in the first three months of this year, joined by 17,000 enterprises.

Observers, meanwhile, argued that the projected job creation in the U.S. is based on the continually rising U.S. trade surplus with Mexico.

Now the trade surplus is declining, the Mexican economy is not as good as before, and the growing U.S. imports of foreign goods sees no end, the jobs created by a single free trade agreement won't be too many.

Adding to the complexity, observers noted, are the provisions of the NAFTA, which, until today, are making many of the American businessmen willing to go to Mexico more bewildered than willing.

Sino-U.S. Oil Exploration Project Begins in East China Sea

OW0706022994 Beijing XINHUA in English 0159
GMT 7 Jun 94

[Text] Tianjin, June 7 (XINHUA)—China has just concluded exploration in the sea areas 200 km east of Wenzhou, Zhejiang Province, marking the successful beginning of the first Sino-foreign oil exploration project in the East China Sea.

The exploration, jointly undertaken by China National Offshore Oil Corporation (CNO) and Texaco, of the United States, started at the end of March, according to a spokesman from CNO.

The Sino-U.S. team completed a seismic survey 100 meters down, despite harsh weather conditions at the sea.

The East China Sea Oil Exploration Project is a new frontier for the China National Offshore Oil Corporation in 750,000 square km of sea. Before this, China had independently conducted seismic surveys in 150,000 square km since 1979 and drilled five experimental wells, four of which have shown excellent oil prospects. About 1,000 oil-bearing structures have also been found.

To speed up the development of oil exploration in the East China Sea, China conducted the Fourth International Invitation for bids for 20 locations in 72,800 square km of sea from June 1992 to June 1993. Some 73 companies from 19 countries competed for the projects and 15 oil exploration companies from seven countries succeeded in the bidding, with the total risk investment of 300 million U.S. dollars.

The successful end of this phase of prospecting in the contracted area will provide scientific basis for the upcoming drilling of the first well this October, the spokesman said.

About 21 experimental wells are expected to be drilled by the end of 1996.

Sino-U.S. Environmental Symposium Opens in Beijing

OW0506141894 Beijing XINHUA in English 1329
GMT 5 Jun 94

[Text] Beijing, June 5 (XINHUA)—The First Sino-U.S. Symposium on Environmental Monitoring and Management was inaugurated here today to coincide with the "World Environment Day".

Some three hundred Chinese and American experts, scholars and government officials attended this morning's opening ceremony.

They will hold comprehensive talks on environmental monitoring, management and related technology as well as on problems confronting them in their endeavors to protect the environment, said Wang Yangzu, vice-chief of China's National Environmental Protection Agency.

Wang, calling the U.S. one of the pioneers in the world in environmental monitoring and protection, said the meeting would "give a push to China's campaign to monitor the environment."

Si Duk Lee [name as received], the U.S. delegation president, said that environment-related factors are playing an ever bigger role in global economic development. He voiced the hope that the two countries' environmental protection departments would enhance cooperation.

Also at the meeting, Wang said that China has worked out a legal framework on environmental protection and monitoring and has set up more than 4,000 monitoring bodies nationwide since the first national environmental protection congress in 1973.

In another development, China's first conference on women and the environment opened this morning in the Great Hall of the People.

Northeast Asia

Political Observers Speculate on DPRK Delegation's Visit

OW0606143894 Tokyo KYODO in English 1416 GMT
6 Jun 94

[Text] Beijing, June 6 KYODO—High-ranking North Korean military officers arrived in Beijing on Monday [6 June] for talks with the chief of General Staff of the Chinese People's Liberation Army, general Zhang Wan-nian, China's official XINHUA NEWS AGENCY reported.

The delegation from Pyongyang, headed by Choe Kwang, chief of General Staff of the Korean People's Army, was invited by the Chinese General Staff Headquarters.

The XINHUA dispatch did not give any details about the content of the talks, which were held later in the day.

Leaving aside North Korean President Kim Il-song and son Kim Chong-il, who holds the post of supreme commander of the North Korean Army, Choe ranks No. 2 in the North Korean military hierarchy after Armed Forces Minister O Chin-u.

Choe's visit to China is the first by a General Chief of Staff since August 1989.

Given the rising tension on the Korean peninsula with North Korea's failure to dispel international suspicion that it is pursuing a nuclear weapons program, both sides are expected to discuss responses to possible developments in the controversy, such as U.N. sanctions.

North Korea has warned that it will consider the imposition of sanctions a "declaration of war." Political observers said the dispatch of a top-ranking military official to longtime ally China at this stage of the nuclear row is aimed at demonstrating the close relations between Beijing and Pyongyang.

As a permanent member of the U.N. Security Council, China can wield its veto to block any punitive action against the North, which the United States, South Korea and Japan have been urging.

In contrast, by initiating talks with the North Korean military leaders, the communist country's hard-liners, it looks as though Beijing, which has advocated a negotiated solution, hopes to sound out whether Pyongyang is keen to diffuse the looming nuclear crisis.

Hong Kong Daily Views DPRK Nuclear Impasse

HK0706101694 Hong Kong HSIN WAN PAO in Chinese 7 Jun 94 p 3

["Evening talk" column by Yang Chu (5017 2612): "Opposing Imposition of Sanctions; Dispatch of Troops Unlikely"]

[Text] "Being Unofficial"

The five permanent members of the UN Security Council—China, Britain, the United States, France, and Russia—began to discuss the Korean issue today.

Since the DPRK is accused of not cooperating with the International Atomic Energy Agency [IAEA] by refusing to accept inspections of its nuclear facilities, the United States has called for the imposition of economic sanctions on the DPRK.

It is said that China is opposed to the immediate convocation of a full meeting of the 15 members of the UN Security Council, therefore, a session of the five permanent members will be held first and will be "unofficial."

Being Marathon

It is also said that the unofficial meeting of the five major powers could continue for several weeks.

Several weeks are enough time for many things to occur outside the meeting. In other words, before the five major powers come to a conclusion regarding whether or not they will impose sanctions, activities external to the meeting intended to alleviate the tension and find a way out may have already borne fruit, the economic sanctions proposal may not need to be officially proposed, and China may not need to choose between vetoing or abstaining from vetoing a decision.

International Meeting?

Regarding Russia's proposal to hold an international conference to discuss the Korean nuclear crisis, DPRK Foreign Minister Kim Yong-nam, who is currently visiting Kiev, Ukraine, said: "We are interested in it and studying it." He did not say no.

As for Beijing, foreign dispatches reported that Chinese Foreign Ministry officials say they will seriously consider Russia's proposal to call an international meeting. But the government's XINHUA News Agency has yet to release such a report.

China had favored a quadripartite trilateral [as published] meeting of the DPRK, ROK, the United States, and the IAEA to resolve the Korean crisis.

Quadripartite Trilateral Meeting

Yesterday, Chen Jian, Chinese deputy representative to the UN Security Council, said in the United Nations: "We think the possibility of resolving the problem through dialogue between the parties directly concerned still exists."

His remarks still mean that China favors a quadripartite trilateral meeting to resolve the problem. They did not contradict "seriously considering" Russia's proposal and this cannot be interpreted as a change in the original stance.

"Seriously considering" leaves a little more room for maneuver and, when necessary, one more choice.

Choe Kwang's China Visit

Another noteworthy news item today is that the DPRK Chief of General Staff Choe Kwang is leading a DPRK military delegation on a visit to Beijing. At a banquet in their honor, General Zhang Wannian, the Chinese Chief of General Staff, mentioned the traditional friendship established in blood between the Chinese and Korean peoples and between their armies.

Earlier, the DPRK announced that if economic sanctions were imposed, this meant war. People were therefore prompted about whether Choe Kwang's China visit had something to do with preparations for war? They were reminded of the movement to resist U.S. aggression and aid Korea and of the Chinese volunteers who bravely and heroically crossed the Yalu River in the early 1950's.

Two Will Not's

Will such a thing happen?

No.

We can come to this conclusion now from two things.

First, China will not agree to economic sanctions against the DPRK in the UN Security Council. Second, China will not dispatch troops to become involved itself in a "Korean war"—a "Korean war which will most probably not occur.

PLA Chief of Staff Meets DPRK Military Delegation

HK0606143094 Beijing ZHONGGUO XINWEN SHE in English 1305 GMT 6 Jun 94

[Text] Beijing, June 6 (CNS)—The Chief of General Staff of the Chinese People's Liberation Army (PLA), General Zhang Wannian, met a North Korea military delegation here this morning.

The North Korea delegation arrived in Beijing this morning for a one-week visit at the invitation of General Zhang. The delegation was headed by the chief of general staff who was the highest-ranking North Korea military official to visit China since 1992.

General Zhang gave the delegation a warm greeting and said that traditional friendship between China and North Korea was forged by the people and the military of the two countries by means of blood. He added that North Korea achieved great success and that China was pleased to see such achievements.

The senior Chinese official said that the visit by a North Korea military official of such high rank was significant for the military history between the two countries and that China highly valued the visit.

The visiting North Korea official said that friendship between the two countries tended to have better development in spite of complicated international situation. He added that exchange and cooperation between the military sectors of the two countries were proceeding smoothly. He went further saying that North Korea would try every possible means to consolidate friendship with China as it had done in the past.

PLA Commander Meets DPRK Military Guests

OW0606122894 Beijing XINHUA in English 1125 GMT 6 Jun 94

[Text] Beijing, June 6 (XINHUA)—Zhang Wannian, chief of the General Staff of the Chinese People's Liberation Army (PLA), met with a military delegation from the Democratic People's Republic of Korea (DPRK) here today.

The delegation, headed by Choi Gwang, chief of the General Staff of the Korean People's Army, arrived here today at the invitation of the PLA Headquarters of the General Staff.

China, ROK To Strengthen Industrial Cooperation

OW0606124494 Beijing XINHUA in English 1200 GMT 6 Jun 94

[Text] Beijing, June 6 (XINHUA)—China and the Republic of Korea (ROK) have decided to establish a committee on industrial cooperation to promote cooperation in all industrial sectors.

Chinese Vice-Premier Li Lanqing attended the signing ceremony of the agreement on the establishment of the committee today which was signed by Wang Zhongyu, minister in charge of State Economic and Trade Commission, and ROK ambassador to China Hwang Pyong-tae.

Before the signing ceremony Li met with the ambassador, hoping that the committee would effectively strengthen industrial cooperation between the two countries.

Wang and Hwang also signed a memo of understanding on strengthening technological cooperation in civil aviation between the two countries.

The China-ROK Committee on Industrial Cooperation is also aiming at guiding and coordinating technical exchanges, starting from cooperative production of motor parts, high-clarity television sets, civil aviation technology and program-controlled exchanger.

The first meeting of the committee is to be held in Seoul in a week.

More on Agreements

HK0706060794 Beijing CHINA DAILY in English 7 Jun 94 p 1

[By Wang Yong: "China, ROK Sign Pacts To Promote Cooperation"]

[Text] China and the Republic of Korea (ROK) yesterday signed high-profile agreements on industrial cooperation.

The two countries plan to join efforts especially in the production of auto spare parts and television sets, as well as the development of civil aviation and programme-controlled switch system technologies.

The event in Beijing was hailed by South Korean officials as a crucial part of what they billed as the "Kim-Jiang Vision" of bilateral economic collaboration.

The vision took shape late last year when Chinese President Jiang Zemin and ROK President Kim Young-sam met at the summit of Asia-Pacific nations in the United States city of Seattle.

And during Kim's visit to China in March, the two governments agreed to set up the Sino-ROK Industrial Co-operative Committee, which seeks mutual benefit from each other's industrial priorities.

The agreement was signed by Wang Zhongyu, Minister of the State Economic and Trade Commission (SETC), and Hwang Pyong-tae, the ROK Ambassador to China.

SETC is responsible for the macro development of China's industries.

Wang will lead Chinese officials from nine ministries to Seoul later this month to attend the first session of the cooperative committee.

A memorandum on civil aviation technical cooperation between the two governments was also signed in Beijing yesterday.

Hwang Pyong-tae said the new agreements would help diversify bilateral economic co-operation, which has largely been focused on trade only.

The Republic of Korea's industrial giants like Hyundai, Posco, Daewoo, Goldstar, and Samsung have begun direct investments in China in the last few years. ROK investors are particularly interested in carving off a slice of the Chinese automotive, steel, electronics and telecommunications markets.

Chinese Vice-Premier Li Lanqing said yesterday that the two nations should promote co-operation in industrial development, production and sales in a wide range of sectors.

SETC officials said the two economies are complementary, and enjoy good prospects for further co-operation.

ROK Helps in Construction of Undersea Communications System

SK0506052294 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 4 Jun 94

[Text] Following the operation of the Sino-Japanese undersea optical fiber cable communications system in December 1993, a contract to build a Sino-Korean undersea optical fiber cable communications system, the second international undersea optical fiber cable system in China, was formally signed in Beijing recently. This system will be built in cooperation with the directorate general of telecommunications under the Ministry of Posts and Telecommunications, the telecommunications company of the ROK, and the Alcatel company of France. To satisfy the increasingly higher international communications demands of China and the ROK, the directorate general of telecommunications under the Ministry of Posts and Telecommunications and the ROK telecommunications company decided to build a Sino-Korean undersea optical fiber cable communications system. It is reported that this system links China's Qingdao with the ROK's Taean, and its total length is about 550 km.

Senior Party Official Meets Mongolian Visitors

OW0606123894 Beijing XINHUA in English 1155 GMT 6 Jun 94

[Text] Beijing, June 6 (XINHUA)—Chen Xitong, member of the Political Bureau of the Communist Party of China (CPC) Central Committee and secretary of the CPC Beijing Municipal Committee, met here today with a delegation from the Mongolian People's Revolutionary Party (MPRP).

The Mongolian visitors, led by G. Ulzii, a MPRP leading member and secretary of the MPRP Ulaanbaatar Municipal Committee, arrived here last Friday on a 10-day official good-will visit to Beijing and Hohhot, capital of China's Inner Mongolia Autonomous Region, as guests of the International Liaison Department of the CPC Central Committee.

Southeast Asia & Pacific

Qiao Shi Meets ASEAN Interparliamentary Delegation

OW0606134394 Beijing XINHUA in English 1324 GMT 6 Jun 94

[Text] Beijing, June 6 (XINHUA)—Chinese top legislator said here today Chinese National People's Congress (NPC) and its Standing Committee wish to strengthen exchanges and cooperation with the ASEAN countries so as to advance the relations between China and the ASEAN countries as a whole.

Qiao Shi, chairman of the NPC Standing Committee, made the statement at a meeting with the delegation of the ASEAN Interparliamentary Organisation (AIPO) in the Great Hall of the People.

The delegation, headed by AIPO Chairman Jose C. De Venecia, is made up of more than 20 parliamentarians from the Philippines, Singapore, Indonesia, Thailand and Malaysia.

China attaches much importance to parliamentary diplomacy, which, he added, is an important aspect of the country's diplomatic activities as a whole.

Exchanges between China and the ASEAN countries have been very active over the past years, Qiao said. China wishes to further push ahead the relations and conduct extensive cooperation in various fields on the basis of equality and mutual benefit, he said.

Qiao believes the AIPO delegation's current visit will certainly help enhance the mutual understanding between China and ASEAN countries.

Qiao also briefed the AIPO guests on China's economic development.

In his speech, De Venecia thanked the NPC for inviting the AIPO delegation. The parliaments of the ASEAN countries are interested in strengthening exchanges with

Chinese NPC in legislation related to economic and social development. In fact, he said, the political and economic relations between ASEAN countries and China have been developing very well.

Present at the meeting were Wang Hanbin, vice-chairman of the NPC Standing Committee, and Cao Zhi, secretary-general of the NPC Standing Committee.

Jiang Zemin Meets ASEAN Interparliamentary Delegation

*OW0706112094 Beijing XINHUA in English 1051
GMT 7 Jun 94*

[Text] Beijing, June 7 (XINHUA)—Chinese President Jiang Zemin has called on Asia-Pacific countries to strengthen contacts and learn from each other's strong points so that the countries in the region can realize common prosperity.

Jiang made the call at a meeting today with the ASEAN Interparliamentary Organization (AIPO) delegation headed by Jose C. de Venecia, speaker of the House of Representatives of the Philippines.

Much potential is yet to be tapped in expanding economic cooperation between China and ASEAN countries, Jiang said, adding that there is already a sound base for mutual beneficial cooperation and the prospect for further cooperation is bright.

While extending a welcome to the AIPO delegation, Jiang said the speaker and all the parliamentarians in the delegation are old friends of the National People's Congress (NPC) and of the Chinese people as well. The delegation members have for many years done a lot of useful work in enhancing ASEAN-China relations and promoting exchanges between AIPO and the NPC.

The friendly exchanges between China and the ASEAN countries and the friendship between the peoples date back a long time, Jiang said. At the moment, he noted, their friendly cooperation is deepening continuously, with fruitful results in political, economic and scientific and cultural fields.

Congratulating China for its magnificent achievements in economic development over the past years, De Venecia said China has become a "significant force" of stability and development in the Asia-Pacific region. He hoped to expand contacts and exchanges with the NPC so as to effect a better mutual understanding.

Present at the meeting were Wang Hanbin, vice-chairman of the NPC Standing Committee, and Shi Liang, chairman of the NPC Foreign Affairs Committee.

Defense Minister Chi Haotian Meets Thai Military Chief

*OW0706092294 Beijing XINHUA in English 0854
GMT 7 Jun 94*

[Text] Beijing, June 7 (XINHUA)—General Chi Haotian, China's state councillor and minister of national defense, met with General Charun Phunsanong, chief of staff of the armed forces of Thailand, and his party here this morning.

Chi said that China attaches great importance to its relations with Thailand and that bilateral relations have been developing comprehensively since the two countries established diplomatic ties 20 years ago.

Chi said that developing friendly and cooperative relations between these two influential nations in Asia is conducive not only to their own progress but also to the peace and stability in Asia and in the world at large.

Chi expressed his belief that the current visit by Charun will further promote the friendly relations between the two countries as well as their armed forces.

Chi also briefed the Thai visitors on China's economic and military constructions. Charun said that he and his party are here to learn China's experiences in its building of the economy and of its national defense system.

He stressed that no matter what changes take place in the world the friendly relations between Thailand and China as well as their armed forces will not be changed.

Lieutenant General Xu Huizi, deputy chief of the general staff of the Chinese People's Liberation Army (PLA), took part in the meeting.

Charun and his party are here as guests of the PLA general staff.

Li Lanqing Meets Thai visitor

*OW0606131694 Beijing XINHUA in English 1239
GMT 6 Jun 94*

[Text] Beijing, June 6 (XINHUA)—Chinese Vice-Premier Li Lanqing met here today with Shi Hian-chen, a Thai-Chinese and vice-chairman of the Society for the Promotion of the Chinese Culture.

During their meeting the host and guest had a discussion on how to help Chinese children in poor areas to go to school.

Senior PLA Officer Meets Thai Visitors

*OW0606124094 Beijing XINHUA in English 1125
GMT 6 Jun 94*

[Text] Beijing, June 6 (XINHUA)—Xu Huizi, deputy chief of the General Staff of the Chinese People's Liberation Army (PLA), met here today with Charun Phunsanong, chief of General Staff Supreme Command of the Thai Royal Armed Forces, and his party.

The Thai visitors arrived here last week as guests of the PLA headquarters of the General Staff.

West Europe

Article Views Tian Jiyun's Remarks on Transition

HK0306153194 Hong Kong CHENG MING in Chinese No 200, 1 Jun 94 pp 20-21

[Article by Ku Ying (7357 4481): "The CPC Earnestly Hopes for Economic Cooperation With Britain"]

[Text]

Tian Jiyun "Clears Up the Mess" Left by Lu Ping

The visit to Hong Kong by Lu Ping, director of the Hong Kong and Macao Affairs Office, excited one sensation after another.

The visit to Hong Kong by another CPC big shot, however, was exceptionally played down and most Hong Kong people did not even know of his arrival.

The big shot is Tian Jiyun, member of the CPC Central Committee Political Bureau and vice chairman of the National People's Congress [NPC]. He made a two-day stopover in Hong Kong on his way home from a visit to foreign countries in mid-May. But his stay in Hong Kong was kept strictly confidential.

It was reported that Tian came to Hong Kong to take a rest. But anyone with a discerning eye knew that under the political situation in which "the Chinese side and the British Hong Kong Government are irreconcilably hostile to each other," "to take a rest" was a lame excuse.

In reality, Tian, who was travel-worn and weary, did not take a good rest in Hong Kong. Instead, he met with Hong Kong NPC and Chinese People's Political Consultative Conference deputies, Preliminary Working Committee for the Preparatory Committee of the Hong Kong Special Administrative Region [PWC] members, and certain local businessmen—naturally those well-known tycoons he could trust.

Clearly Tian was entrusted with the task of "putting a certain message across to local people." It appeared that the CPC leaders, who were dissatisfied with the results of Lu Ping's visit to Hong Kong, "which failed to achieve what it had been designed to achieve," were eager to send Tian to Hong Kong to offer some clarification on certain matters. The Proposal To Reclaim Hong Kong Ahead of Schedule Had Been Supported by the

Majority of Party, Government, and Military Leaders

At the meeting, Tian answered every question. He aired his "personal views" on many questions put to him in a great effort to reassure local people.

Tian answered some sensitive questions concerning the latter half of the transitional period.

Question: Will China reclaim Hong Kong ahead of time?

Tian: When Britain changed its policy toward China in the fall of last year [as published] and had its own way in Hong Kong, many people on the mainland favored recovering sovereignty over Hong Kong before the due date. There was a strong demand for this in the party, in the NPC Standing Committee, and in the military. Some Hong Kong industrialists also went to Beijing to ask the central authorities to take decisive measures because they feared Hong Kong would get out of control and be plunged into confusion. Our comrades in the party and the government were also divided on whether the principle of "one country, two systems" could be put into effect. The central authorities finally decided that though the Chinese side had failed to obtain cooperation from the British side on Hong Kong's constitutional reform, it would try its best to achieve cooperation with the latter in other fields with a view to reducing the possible shocks and chaos in the transitional period to a certain extent while stepping up all necessary preparations against sudden incidents.

Tian Predicts That Hong Kong Will Possibly Experience a Shock

Question: Will there be turbulence in the latter half of the transitional period?

Tian: In my view, in the transitional period, some people will create confusion and disturbance by taking advantage of the setting up of the PWC, the formation of the Special Administrative Government [SAR] Government, the transfer of political power to China by the Hong Kong colonialist government, the appointment of secretarial-level officials by the SAR Government, the abolition of laws and regulations contradicting the Basic Law, and the banning of some extremist organizations in accordance with the Basic Law. The central department concerned has studied all these possibilities. The central authorities have since 1990 made preparations against a big economic shock or even economic collapse. The mainland has injected more capital into Hong Kong than any other foreign country and has made substantial commitments to certain friendly countries and conglomerates. So if there is no great disturbance on the mainland, there will be no sustained economic shock or collapse in Hong Kong. However, social unrest and an economic shock may be unavoidable. We cannot pin any hope on the British authorities.

"Hong Kong Will Be Worthless Without Stability"

Question: Will China really carry out the principle of "one country, two systems" after 1997?

Tian: The central government has pursued a consistent policy toward Hong Kong. No mainland system will be applied in Hong Kong and no attempts to turn Hong Kong into a city where all political forces wrestle with each other are allowed. Otherwise who will invest in Hong Kong? At the same time, we will prevent Hong Kong from evolving into a welfare society. Hong Kong is

a small place short of natural resources, so an economic recession or a severe economic slump could easily occur. Hong Kong's value lies in its stable social environment, and it will be utterly worthless without stability.

"Local People Will Be Allowed To Hurl Abuse at the CPC After 1997"

Question: Will press freedom be guaranteed after 1997?

Tian: After the founding of the SAR Government 1 July 1997, people will still be allowed to hurl abuse at the CPC and the press to publish articles criticizing mainland policies and systems. A sound political party enjoying popular support is immune to invective. Over the last few years, some people have cursed the CPC every day, criticizing everything. They even cooperated with Britons in cursing us. Mainland people reacted strongly to this abuse, but we persuaded them not to fight back. Naturally, no organized subversive, inflammatory, or hostile activities are allowed.

Question: Will Shanghai take over Hong Kong's role by the end of this century or by 2005?

Tian: Shanghai has grown rather rapidly due to favorable conditions. Shanghai is trying to rank among other big international cities in terms of defense and high-tech industries, finance, transportation, and trade. However, Hong Kong has its own characteristics and strong points, so it will not be replaced.

The CPC Has Taken Action on Many Occasions To Shatter Hong Kong People's Vulnerable Confidence

According to the businessmen who met with Tian, in contrast to those fierce officials responsible for Hong Kong affairs, Tian was undoubtedly much more amiable. Though what he said was cliches, he was sincere and did not dodge sensitive questions. The businessmen present appreciated his frankness and sincerity. As compared with Lu Ping, who made Hong Kong people feel ill at ease on his last visit, Tian certainly acted in a timely way to reassure local people. Tian said: The CPC is trying to cooperate with Britain in fields other than the political one. Does this imply that the CPC will carry out a tough political policy while adopting a "flexible economic policy"? This remark by Tian merits attention.

However, there is a serious problem: The CPC has made sincere and solemn promises over the last 10 years, but it has taken action to kill Hong Kong people's weak and vulnerable confidence on various occasions. The principle of "one country, two system" and the promise "to keep Hong Kong's capitalist system unchanged for 50 years" have become terms which people ridicule. China, big country as it is, has actually failed to capture Hong Kong people's confidence. Such a distorted situation brought about by the rule of man is unfortunate for the CPC as well as for Hong Kong people.

Li Peng, Maltese Prime Minister Hold Talks

*OW0606145194 Beijing XINHUA in English 1436
GMT 6 Jun 94*

[Text] Beijing, June 6 (XINHUA)—Chinese Premier Li Peng and his Maltese counterpart, Eddie Fenech Adami, today agreed to explore further ways of cooperation between the two countries.

In their talks, the two prime ministers felt that government officials and entrepreneurs of the two countries can use the opportunity of the Maltese prime minister's visit to China to have discussions on furthering their relations of bilateral cooperation.

Li noted that great progress has been made since the two countries established diplomatic ties 22 years ago.

He said the two sides signed agreements on shipping and on avoidance of dual taxation. China is keen to explore new ways to have mutually beneficial economic cooperation with Malta, he added.

Adami described Malta-China ties as a fine example of friendly cooperation between a big nation and a small one, adding that he first visited China in 1978 as an opposition leader.

After 16 years, he said, he was very pleased to come to China again and had witnessed the tremendous progress that China has made.

Adami expressed support for the resumption of China's status as a contracting party in the general agreement on tariffs and trade, for which Li expressed thanks.

Adami invited Li to visit Malta as soon as possible. Li accepted the invitation with pleasure. Li said he had planned to visit Malta in early 1992, but had not gone because he had to attend the summit of United Nations Security Council. Since then he had been looking forward to visiting the beautiful island of Malta.

Chinese Vice-Premier and Foreign Minister Qian Qichen and Maltese Deputy Prime Minister and Minister of Foreign Affairs Guido de Marco, who is accompanying Adami, participated in the talks.

The two prime ministers afterwards answered Maltese and Chinese journalists' questions, particularly on economic cooperation and trade.

Adami said the prospects for bilateral ties are very good. Malta had changed its economic development strategy and adhered to building the country into a port with services.

Adami arrived here at noon today on an official visit to China at the invitation of Chinese Premier Li Peng.

This afternoon Li hosted a welcoming ceremony for Adami and his wife and their party.

Among those present were Li Peng's wife Zhu Lin; Qian Qichen; Zhao Weizhi, vice-chairman of the Central

Committee of the Jiu San (September 3) Society, and Shi Guangsheng, chairman of the Chinese Government Reception Committee.

This evening, Li gave a banquet in honor of the Maltese visitors at the state guesthouse.

East Europe

Beijing, Warsaw Sign Technical Cooperation Protocol

*OW0706045294 Beijing XINHUA in English 0309
GMT 7 Jun 94*

[Text] Warsaw, June 6 (XINHUA)—China and Poland today signed a protocol on scientific and technical cooperation that is aimed at boosting their exchange in this field.

The protocol, for the year 1994, was signed by vice chairman of the Chinese State Commission of Science and Technology, Huang Qitao, and chairman of the Polish Scientific Research Committee, Witold A. Karczewski.

Huang said that Sino-Polish scientific and technical cooperation, which had been developing over 40 years, was promising and was advancing towards a new stage of multi-level, multi-channel cooperation.

Karczewski said that Poland had noted China's economic and scientific achievements and was ready to make Sino-Polish cooperation in science and technology deeper and broader.

The two sides agreed that China and Poland could cooperate in such spheres as electronic materials, shipbuilding, nuclear technology, aviation, electricity, coal, precision machinery, biology and medicine, as well as in environmental protection.

Qian Qichen, Slovenia Counterpart Sign Visa Accord

*OW0606025794 Beijing XINHUA in English 0214
GMT 6 Jun 94*

[Text] Beijing, June 6 (XINHUA)—An agreement on mutual exemption of visa requirements for diplomatic and service passports was reached here between China and Slovenia June 1.

The agreement, which entered into force the same day [XINHUA Domestic Service in Chinese at 0159 GMT on 6 June carries a similar item which states the agreement "will be effective on 1 July"], was signed by Chinese vice-premier and Foreign Minister Qian Qichen and his Slovenian counterpart Lojze Peterle.

At the same time a similar agreement signed between China and the Former Yugoslavia in 1979 ceased to be effective.

The new agreement stipulates that citizens of either contracting party who are holders of a valid diplomatic or service passport and their minor children who share their passports shall be exempted from visa requirements for entry into, transit through and stay in the territory of the other contracting party through ports open to international travelers for a period not exceeding 90 days.

Citizens holding the above-mentioned passports and exercising official functions in the territory of the other as members of a diplomatic mission, consular office or international organization, their spouses and minor children shall be exempted from visa requirements for entry into or exit from the territory of the other contracting party during their tenure of office, the agreement says.

According to the agreement, the above-mentioned personnel who plan to stay in the territory of the other contracting party for more than 30 days shall apply for residence permits upon entry into the receiving country in accordance with the relevant regulations of the latter.

Political & Social

Zhao Ziyang Defends Position on 1989 Unrest
HK0606152794 Hong Kong HSIN PAO in Chinese
4 Jun 94 pp 9-11

[“Full text” of speech delivered by Zhao Ziyang, then General Secretary of the Communist Party of China, at Fourth Plenary Session of the 13th CPC Central Committee in “late June 1989” in Beijing]

[Text] Editor's note: On the eve of the fifth anniversary of the 4 June Incident, a source provided us with the full text of former CPC general secretary Zhao Ziyang's speech to the Fourth Plenary Session of the 13th CPC Central Committee in late June 1989 after he lost power. The speech was Zhao's self-criticism and defense of his behavior in handling the student unrest. We cannot seek official confirmation of the authenticity of the text; however, based on the reliability of the source and according to the conclusion of experienced experts on Chinese information, we think that the text is highly credible.

The text reveals the opinions of the top CPC authorities at the time on the mass demonstrations in Tiananmen Square as well as the mutual disagreements between party officials on the handling of the events. The impact of the 1989 pro-democracy movement on China can be seen in many areas, and the text can be taken as a footnote on the political storm's impact on the Beijing superstructure. [end editor's note]

The current Fourth Plenary Session of the 13th CPC Central Committee has taken disciplinary measures regarding my case. I welcome this criticism from my comrades. Over the past few years, there have been many shortcomings, mistakes, errors, and instances of incompetence in my work. I have failed to live up to the party, the people, and the comrades. Now, I just want to explain some of the facts surrounding my mistakes and make a self-criticism.

I

First I would like to mention some facts concerning the student unrest and the turmoil and my state of mind at that time.

Ever since mid-April, as the student demonstrations grew ever larger, all I and everyone else wanted was to calm the situation as soon as possible. I have already said that I never agreed with the students' taking to the streets to stage demonstrations without making applications according to the stipulations of the laws; still less did I approve of class strikes or hunger strikes. I repeatedly called for solving the problems on the basis of democracy and the legal system. I also said that, even though demonstrations can be approved according to the law, school leaders and party organizations should still actively dissuade students from doing this and should try their best to guide them to express their opinions

through regular channels or in other forms. My attitude in this regard was always explicit.

However, I also noticed two noteworthy characteristics in the student unrest. First, the students put forward slogans, such as supporting the Constitution, promoting democracy, and opposing corruption. These demands were basically in line with the position of the party and the government, and we could hardly turn them down. Second, a large number of people took part in the demonstrations or expressed support for the demonstrators, and they included people from all walks of life. Huge crowds of people took to the streets in Beijing. Under these circumstances, I thought that, in order to calm the situation, the first thing was to appease the vast majority of the people and affirm the mainstream. The enthusiasm of the broad masses of the students demanding reform and opposing corruption is a precious thing which should be fully affirmed. At the same time, we should accept the reasonable opinions of the masses and adopt positive rectification and correction measures. In this way we would calm the feelings of most people and enable the majority of the masses to understand and support the practice of the party and the government. It would then be easier to deal with the small number of evil people.

In connection with this idea, I also felt that there were some problems with the 26 April [RENMIN RIBAO] editorial. That is, the editorial did not affirm the mainstream formed by the vast majority of the people; instead, it concluded in general terms that the nature of the entire event was a contradiction between the enemy and ourselves, a conclusion which the majority of people could not accept. It was true that a very small number of people who opposed the four cardinal principles tried to fish in troubled waters. However, it is hard to justify the conclusion that the actions of hundreds of thousands of people were manipulated by a small number of people. The students maintained that the 26 April editorial attached a label to them, and they became rather emotional. Therefore, I proposed that some changes be made in the editorial to soften it a little.

My views were only expressed at the meetings of the central Standing Committee, and I only exchanged opinions with a small number of central leading comrades within this circle. At that moment, I thought that whether my views were correct was one thing, but whether I should express them was a different matter altogether. In any case, I thought that my views should be expressed at the Standing Committee meeting, and just expressing them would not be a problem. Of course, everyone else became aware of this issue later, and they gradually changed the wording and tone of their speeches and also made statements to affirm the patriotic enthusiasm of the students. I felt that, if these words had been written into the 26 April editorial and if the editorial had not branded the entire event as a contradiction between the enemy and ourselves, then most people would not have been so infuriated. With our additional efforts, the

event might not have become as serious as it did. This was my thinking at the time.

In short, I thought that the actions of the broad masses of young students and their many sympathizers in society should be strictly distinguished from those of an extremely small number of people who tried to use the student unrest to fish in troubled waters, create disturbances, and attack the party and socialism. I thought that the student unrest as a whole should not be regarded in general terms as an antagonistic contradiction between the enemy and ourselves ("a premeditated plot," "in essence, it was aimed at thoroughly negating the party's leadership and the socialist system.") [quotations from the 26 April RENMIN RIBAO editorial] I thought that we should have primarily used the methods of persuasion and guidance to avoid intensifying the contradiction and calm the situation as soon as possible. This was the main point of my different opinion.

I would like to explain one more thing. I never objected to using the term "turmoil." I thought, however, that "turmoil" should only refer to the scale of the student unrest and its impact on the public order, not to the character of the event, which could have been either spontaneous or antagonistic. I touched on this point at the Standing Committee meeting on 16 May.

II

I have carefully reviewed my actions during the student unrest and turmoil in order to find out what I did correctly and what I did improperly or incorrectly.

First, before the memorial ceremony to mourn the death of Comrade Hu Yaobang, there were no differences within the Standing Committee—or at least there were no major differences. Of course, with tens of thousands of students gathering in Tiananmen Square, everybody felt rather nervous and anxious. At the time, I thought that the crowds probably fell into three categories. The vast majority of the people just wanted to mourn the death of Comrade Yaobang; some people were expressing their unhappiness with our work; and only a small number of people were trying to aggravate the situation in order to oppose the party and socialism. I said that the party central body is in charge of the funeral arrangements, and the students also wanted to express their sorrow over the death, so we could not prohibit them from mourning as well. Therefore, I said: Only those who engaged in illegal activities such as beating, smashing, looting, arson, and storming government buildings should be punished according to law, and mild and moderate methods should be used to deal with the majority of the people. I remember that, at that time, nobody raised any objection to this idea. The only thing that happened before the memorial meeting was on the evening of 19 April, when Comrade Li Peng telephoned me, saying that students were storming the Xinhua Gate [where the party center and government are located] and asking why nothing was being done. I said that Comrade Qiao Shi was in charge on the front lines, and he would

cope with any contingency, as he had taken precautionary measures. Then I called Comrade Qiao Shi and told him. Aside from this, I do not recall hearing any disagreement from the Standing Committee members.

Second, after the end of the memorial meeting, I expressed a three-point opinion: 1) As the memorial activities have come to an end, social life should return to normal. The students should be resolutely dissuaded from staging any demonstrations and should be urged to return to their studies. 2) The method of persuasion and guidance should be used toward the students. We should open dialogue with them at various levels, in various forms, and through various channels in order to increase communications and mutual understanding. 3) Bloodshed must be avoided at all costs. If any instances of beating, smashing, looting, arson, or storming take place, those involved should be brought to justice according to the law. Comrade Li Peng and other members of the Standing Committee expressed their agreement. I was later told that Comrade Li Peng reported the three-point opinion to Comrade Xiaoping, and Comrade Xiaoping also expressed his approval. On the afternoon of 23 April, I left Beijing and began my visit to Korea. When seeing me off at the railway station, Comrade Li Peng asked me whether I had any other ideas, and I simply reaffirmed the three points.

Third, as I was not in Beijing between 24 April and the morning of 30 April, I am not very clear about what actually happened during this period. On the morning of 26 April, in Korea, I read the telexed texts of Comrade Xiaoping's talk and the minutes of the Standing Committee meeting (The RENMIN RIBAO editorial of 26 April was not telexed to me at that time). I immediately sent a reply, saying that "I completely agree with Comrade Xiaoping's decision on dealing with the current turmoil." As I understood it, the general spirit of Comrade Xiaoping's decision was to maintain stability and stop the turmoil. This is extremely important for our country. We should do our utmost to ensure this at any time, whether in the past, at present, or in the future.

Fourth, when the speech I delivered on 3 May at the rally in commemoration of the 4 May Movement was vetted by members of the Political Bureau and the Central Secretariat, many comrades expressed their opinions on revising the draft. We then revised the speech script in some places according to these views. In my memory, only two comrades proposed that "opposing bourgeois liberalization" be added to the speech, and one comrade proposed that the speech should mention "opposing spiritual pollution." At that time, I thought that, as the speech fully expounded the need to adhere to the four cardinal principles, it was unnecessary to add the phrase of "opposing bourgeois liberalization," as the term itself meant opposing the four cardinal principles. Stylistically speaking, the speech was aimed at positively expounding the significance of the 4 May Movement, and adding the phrase of "opposing bourgeois liberalization" to the speech would make the text less coherent and smooth. Therefore, the suggestion of the two comrades was not

included. In the process of revising drafts of speeches, we have never been able to incorporate everybody's opinions.

Fifth, my speech on 4 May to the people attending the annual meeting of the Asian Development Bank [ADB] sought to promote the subsiding of the student unrest and strengthen foreign investors' confidence in China's stability. After the speech, the initial reactions were favorable, and, at the time, I was not aware of any problem. Comrade Li Peng also told me that my speech was good. He would make similar remarks when he later met the delegates to the ADB meeting. The tone of the speech was mild, and I did not think that this contradicted our previous position. Before I returned home from Korea, the second RENMIN RIBAO editorial (on 29 April) approved by Comrade Li Peng had already adopted a milder tone. During the dialogue authorized by the State Council, the spokesman also made it clear that the first editorial (on 26 April) was not aimed at the vast majority of the students. He repeatedly affirmed that 99.9 percent of the students were good, and said that some of the problems pointed out by the students were things that the government wants to resolve. My speech on 4 May just made special reference to these points and its tone was completely consistent with the authorities' earlier statements. As I already mentioned some other points in my speech on 3 May (such as the issue of opposing turmoil), I did not repeat them on 4 May. There were only two new points in my speech on 4 May. First, I said that the masses were satisfied with some aspects of the party and the government but were dissatisfied with some other aspects. I still think that this analysis was in line with the actual situation at that time. Second, I said that the problems should be resolved in a calm, sensible, restrained, and orderly atmosphere and on the basis of democracy and the legal system, and I still think that we should strive to solve problems in this way when we encounter any problems like this in the future. According to the response from all quarters, the effect of my speech was rather positive at the time. It is true, as some comrades later criticized, that my speech was not discussed by the Standing Committee in advance. However, our general practice was that speeches made by central leaders when meeting foreign visitors (except those concerning any official agreements) were not necessarily discussed by the Standing Committee beforehand. In general, we prepare these remarks ourselves in accordance with the established policies. When Comrade Li Peng met with the delegates attending the ADB meeting next day (on 5 May), his speech was not be discussed by the Standing Committee beforehand either, and the tone of his speech was quite similar to mine. In any case, my speech caused certain speculation which went beyond my expectations. If I had been more prudent and anticipated such problems, I might not have made that speech.

Sixth, I would like to talk about the 8 May Standing Committee meeting and the 10 May Political Bureau meeting. After the student demonstrations on 27 April,

the students insisted that we change the conclusion about the nature of their activities as laid down in the 26 April editorial. I felt rather embarrassed. At the time, I tried to dodge that issue and first accomplish a number of good things to counter corruption and promote democracy so that the masses might see that we were actually making efforts as they hoped. In this way we could have gradually calmed down the situation. After everybody's tempers had cooled, it would be easier to achieve a consensus. Therefore, at the two meetings, I proposed that we submit a report on screening business companies to the Standing Committee of the National People's Congress [NPC], make public the personal property and income of senior cadres, to only provide special supplies for retired leaders aged over 80 years (or 75 years), and let the NPC Standing Committee organize a special committee to carry out independent investigations of complaints against senior cadres or their family members. (Comrade Wan Li, being more careful than I was in considering this issue, proposed that an authoritative Anticorruption Committee be set up within the NPC Standing Committee). On the basis of extensive discussion, it was decided that the press law and the demonstrations law could be enacted. My proposal was only mentioned briefly at the meetings of the Standing Committee and the Political Bureau so that it might be discussed in detail in the future. No official decision was made at that time. My basic purpose was to take anticorruption as an important element in our political structural reform and link anticorruption closely with democracy, the legal system, openness, transparency, mass supervision, and mass participation. On the morning of 13 May, when Comrade Shangkun and I went to see Comrade Xiaoping and report to him about our work, I told him about my idea. Comrade Xiaoping expressed his agreement and said that this opportunity should be used to properly solve the problem of corruption and that it is necessary to increase transparency.

Seventh, I would like to address the issue of my talks with Gorbachev. After the 13th party congress, on many occasions when meeting principal leaders of foreign parties, I told them that the First Plenary Session of the 13th CPC Central Committee had made a decision reaffirming that Comrade Xiaoping's status as the primary decisionmaker in our party did not change. My purpose was to make the world more clearly understand that Comrade Xiaoping's status in our party had not changed since his withdrawal from the Standing Committee. This was legal according to the organizational rules. During my visit to Korea, I also said this to Chairman Kim Il-sung. Thus, what I told Gorbachev was in keeping with the usual practice; however, the problem was that, this time, my statements were reported publicly. After returning from Korea, I was told that, after Comrade Xiaoping's remarks on the student unrest had received broad dissemination, there was much discussion in society. People said that the Standing Committee members's report to Comrade Xiaoping was not in keeping with the organizational rules, and even harsher

criticisms were expressed. I felt that it was necessary for me to clarify and explain this.

Some people also mentioned this issue at a discussion meeting with some trade union cadres two days before Gorbachev's visit. At that time, I made an explanation according to the decision made by the First Plenary Session of the 13th CPC Central Committee, and this achieved good results. They said that we were not aware of this in the past, and it was good that the issue had been clarified. (Comrades Qiao Shi, Hu Qili, and Yan Mingfu were all present). Before that, in view of some people's mistaken comments about "holding court from behind a screen," Comrade Chen Xitong also gave an explanation on the comrades responsible for the work in universities and colleges. The explanation of the decision solemnly made by the First Plenary Session of the 13th CPC Central Committee always achieved positive results. Comrade Chen Xitong also mentioned this when delivering a work report to the Standing Committee meeting on 28 April. Therefore, I thought that, if this was reported publicly, the masses would learn about it, and this might reduce people's uncalled-for criticisms. At that time, I told Comrade Gorbachev that the First Plenum of the 13th CPC Central Committee had made a solemn decision that Comrade Deng Xiaoping would still be at the helm for the most important issues. After the 13th party congress, when handling the most important issues, we always reported to Comrade Deng Xiaoping and asked for his instructions. (I purposefully did not mention that he could call meetings and have the final say.) Comrade Deng Xiaoping also always gave full support to our work and supported our collective decisions. In my view, these words would not give people the idea that everything was decided by Deng Xiaoping. I really could not imagine that such remarks would in turn harm Comrade Xiaoping. I am willing to bear all responsibility for this.

Eighth, I would like to discuss the meeting the Standing Committee held on the evening of 16 May. After returning from Korea, I heard strong reactions against the 26 April editorial from various quarters, and this had become a thorny problem affecting the feelings of the students. At that time, I considered whether we could untie the knot in order to calm the students' emotions. On 4 May, I told Comrade Li Peng about my views on the editorial. Comrade Li Peng expressed his disagreement, so I felt that it would be very difficult to make any change. Then I spoke with Comrade Shangkun. I thought that we might first sidestep this thorny problem and play down the seriousness of the issue. At that time, Comrade Xiaoping was concentrating on the upcoming meeting with Gorbachev, and I could not disturb him with this issue. So I first told some comrades who were working with Comrade Xiaoping. I also exchanged opinions separately with other comrades in the Standing Committee in order to slowly make the change. On 13 May, however, several hundred students began their hunger strike, and one of their major demands was to change the conclusion of the editorial. I felt that things

were getting more serious, and it was then impossible to sidestep that issue any more. So I mention the matter at the meeting of the Standing Committee on the evening of 16 May (which was the first time I mentioned it at an official meeting). Comrade Li Peng said that such words as "this was a premeditated plot," "a round of turmoil," "in essence, it was aimed at thoroughly negating the leadership of the CPC and the socialist system," and "this is a round of serious political struggle that the whole party and the entire people of the whole nation are facing" were all the remarks uttered by Comrade Xiaoping, so they must not be changed. At that time, I did not agree with this argument, because I thought that the editorial should be written primarily according to the spirit of the meeting of the Standing Committee on 24 April. Comrade Xiaoping's words were made after listening to the report of the Standing Committee chaired by Comrade Li Peng. As Comrade Xiaoping always gave full support to the Standing Committee's work, as long as the decision was made collectively by the Standing Committee, he would certainly support it. Therefore, this responsibility should primarily be borne by ourselves. At the Standing Committee meeting on the evening of 16 May, I also said that, as I had sent a telegram from Korea to express my agreement with Comrade Xiaoping's decision, I should also bear responsibility for the 26 April editorial. At that time, I only asked the other Standing Committee members to consider my opinion, and did not require that a decision be made. As it was then too late, the issue was not further discussed.

Ninth, on 17 May, at a Standing Committee meeting held at Comrade Xiaoping's place, I was criticized by Comrade Li Peng and Comrade Yao Yilin, who put all the blame on my speech at the ADB annual meeting on 4 May for the escalation of the student unrest. The severeness of their criticisms went beyond my expectations. That meeting also reaffirmed the conclusion of the 26 April editorial on the character of the events, and the decision to transfer troops to Beijing to enforce martial law. I said that it was better to make a decision than make no decision, but I was extremely worried that serious consequences might be caused. It would be extremely difficult for me to effectively organize the implementation of this decision. I expressed my concern frankly at a party meeting. After the meeting, I repeatedly considered this, and feared that because of the limitation of my consciousness and the condition of my thoughts, the resolute implementation of the Standing Committee's decision would be affected. When I was rather impatient and emotional, I expressed my hope to resign. After Comrade Shangkun learned about this, he immediately dissuaded me, and said that if I resigned, the sentiments of the masses would be further aroused. He said that members of the Standing Committee should still be able to continue to work together. I repeatedly considered Comrade Shangkun's sincere advice and felt that his words were correct. In those circumstances, no matter what happened, I must not do anything embarrassing to the party. So my resignation letter was not

issued. However, the development of events still seriously upset me. On 18 May, I wrote a letter to Comrade Xiaoping, asking him to reconsider my opinion. I also telephoned Comrade Shangkun, asking him to give some explanation to Comrade Xiaoping. I felt that no matter what happened, it was still permissible to express my dissenting opinion inside the party. Being general secretary, if I did not express my dissenting opinion, it would just be irresponsible. In retrospect, although I did not issue the resignation letter, I actually had an idea about resignation. Against the background then, this was incorrect and improper.

Tenth, about calling on the hunger striking students in Tiananmen Square on the early morning of 19 May. On the third day after the students began their hunger strike, I planned to see them, but I failed to do so for various reasons after that, although I expressed this wish many times. On 19 May, the hunger strike entered its seventh day, and deaths might have occurred among the hunger strikers. The event came to a critical moment. People inside and outside the party required that Comrade Li Peng and I go to the square to persuade the students, and such petitions poured into our offices like snowflakes. The masses also expressed strong discontent at the fact that we had not gone to do this persuading for a long time. Some comrades said that if Premier Zhou was still alive, he would have certainly gone among the masses. I felt that if we still did not go out, we would not be able to justify ourselves before the people. At that time, I was very sick, but I still made up my mind to go to see the students. Their hunger strike had lasted seven days. In those circumstances, what else could we do if we did not personally persuade them to stop the hunger strike by showing our true feelings toward them? After we called on them, the students became less emotional, and announced the end of their hunger strike at 2100 that same day. I cannot say that what I said to them played any great role, but at least this did not produce any negative effects. After returning from the trip to see the students, I felt that my illness became more serious.

Eleventh, about my absence from the meeting on the evening of 19 May. I want to explain here about that night I asked for sick leave from the Standing Committee. Comrade Qiao Shi also announced this at the meeting. My letter asking for sick leave was issued before the notice to hold the meeting was issued. That is, I asked for sick leave before I received notice of the meeting. That day, I felt dizzy at first, suffered headaches, and found it hard to stand firmly; in the evening, I suffered a heart attack. This was a fact. I asked for three days of sick leave. After my sick leave expired, I no longer had any work to do. I was no longer allowed to attend any meetings. And I did not know about anything later.

What I have mentioned above shows that I just tried to ease the confrontation with the students during the unrest and the turmoil in order to win over the vast majority of the students and to gradually calm down the student unrest. I was deeply worried about adopting

tough measures before the contradiction with most people had been mitigated, and especially about the use of force, which would inevitably cause conflict and blood-letting and would lead to the aggravation of events. Even though the student unrest had calmed down, major effects would remain. Now, it seemed that this was just my wishful thinking, which was not realistic enough. Even if any concession was made with regard to the conclusion of the 26 April editorial, the contradiction might not be mitigated, and new troubles and problems might still arise one after another. Eventually, the intensification of the contradiction would still be inevitable.

Recently, Comrade Xiaoping made a very important speech, which profoundly enlightened me. He said: The occurrence of the storm was not determined by any people's wishes, and was the inevitable result of the international macroclimate and the domestic microclimate. He also said that it was better that it happened earlier than later. If we view things from this high plain, my thoughts and worry were certainly uncalled for. In those days, I really did not reach such a high plain of thinking and did not have such insight. I am willing to further give consideration to this issue through studying Comrade Xiaoping's speech.

III

As far as mistakes and shortcomings in economic work and responsibilities for these are concerned, Comrade Xiaoping has talked about the issue, and Comrade Li Peng has touched on it too.

My attitude is that all the shortcomings in economic work from my assuming office at the State Council until the Third Plenary Session of the 13th CPC Central Committee, should mainly be placed on me. Before the draft of the report to be delivered at the 1989 NPC session was submitted to the Political Bureau for discussion, Comrade Li Peng had sent a copy to me to solicit my opinion. I noticed that this draft report had repeatedly used the wording "for many years" when referring to the causes of faults. So I proposed applying an analytical approach to evaluating the issues which had arisen over the past few years. For example, the scale of capital construction projects covered by the budget had been brought under control by 1985, but what were not under control were those not covered by the budget. It does not tally with the facts if we blame everything on our being too anxious for success in reform. Having heard what I said, Comrade Li Peng said: Then let us place the focus on the issues we faced in 1988. Since this is an annual work report by the present government, he said it was acceptable that these issues from previous years should not be mentioned in it. I had no objection to this. Some comrades criticized me for not allowing Comrade Li Peng to talk in the report about the mistakes made in the past few years, and they said I was shirking the blame for mistakes in the past few years by blaming Comrade Li Peng. I must say that this is not true. Never have I had such intentions.

The economic situation had been generally good and the economy had been full of vigor before 1987, which was due to reform and opening up. We have achieved a great success in the economic work over the past few years, but we have committed quite a few mistakes and faults as well. As the principal person-in-charge of working on the front line, I should take the responsibility for such faults. We have failed to bring the scale of capital construction under control over the past few years, and so far we have not yet found any way to keep the scale of extra-budgetary capital construction projects and the amount of consumption funds, which are growing at too high a speed, under effective control. Comrades Xiaoping, Chen, Xiannian, and Peng Zhen have all reminded us of the agriculture problem. But for quite a long time, we have not really taken any effective measures to deal with it until the meeting on agriculture last year. The responsibility for all these faults should be laid on me.

Before 1988, our country had never experienced any substantial inflation. Of course, some factors that could have possibly aggravated inflation had been growing during that period. The direct cause of the remarkable inflation last year was that our evaluation of the situation the year before last had been too optimistic. So, while commodity prices were tending to become unstable, we planned to initiate another round of commodity price reform, publicizing the price reform and propagandizing the price decontrol plan. This in turn caused panic among the public and encouraged a strong psychological expectation of price hikes among consumers. Every country which has had experience with the commodity economy has set great store by this sort of issue. Unfortunately, we were not well aware of it at that time. People have had too high a psychological expectation of price increases, whereas we, on our part, did not raise interest rates or deposits in good time to ensure the preservation of the value of savings. Consequently, a tide of panic purchases resulted. What was particularly dreadful was that this resulted in a drastic decrease in savings and thus a shortage of funds at bank's disposal. So banks were forced to issue more banknotes. I now focus on these things, which occurred in 1988, because I am trying to make a correct analysis of the factors contributing to them. Never did I mean to shift the blame. Anyway, I should bear the principal responsibility for these mistakes made in 1988.

By the way, I would like to mention another issue. In the report he delivered on behalf of the four standing committee members, Comrade Li Peng criticized me for encouraging party and government organs and service units to strive to "earn more income," without giving any analysis and without considering the objective possibility. His criticism does not tally with the facts. Back in the first half of last year, I did phone Comrade Jiang Zemin, urging Shanghai to stop the practice of allowing party and government organs to set up companies with a view to "earning more income." The report also criticized me for repeatedly stating that "corruption is inevitable at the initial stage of socialism." I just cannot

remember where I made such a statement. Since I raised the point in Guangdong early last year that "party and government organs must be honest in performing official duties," I began to realize the importance of curbing corruption and promoting honesty. Since then, I have talked many times about the prevention of corruption and the promotion of honesty. I said that many countries' experience shows that corrupt phenomena can easily arise in the early period of the development of a commodity economy. But our country, as a socialist country, should and can minimize corruption to the minimum. Therefore I put forth the principle of "keeping the economy prosperous and promoting honesty among party and government organs." Of course, how to prevent corruption and maintain honesty is a complicated issue. Although the secretariat did call special meetings and forums to study the issue and to sum up experiences gained in some areas, so far we have not yet found any effective method to check corruption under the conditions of reform and opening up. If someone should be blamed for this, then, again, I should be the one to bear the blame.

IV

Comrades have now criticized me a lot on the issue of opposing bourgeois liberalization. Here, I want to tell you about my thoughts on this issue.

Since the beginning of opening, some intellectuals have begun to doubt the superiority of the socialist system and have tried to copy the Western system of democracy. In particular, such ideological trends spread among some young teachers and students. The seriousness of the recent student unrest is inseparable from such ideological trends. Over the past few years, the work of opposing bourgeois liberalization has not been effective. Efforts in party building and ideological-political work were relaxed. I bear a major responsibility for the existence of all of these problems.

I often considered this issue and felt that this was not a simple issue. We actually need to seriously study and solve the issue of how to effectively resist and oppose the ideological trend of bourgeois liberalization. It is of great importance to oppose the ideology of bourgeois liberalization, to strengthen education in the four cardinal principles, and to strengthen ideological and political work. I have often stressed this point in the past. In particular, before this, I made some speeches on strengthening party building, strengthening ideological-political work, strengthening situation education, and strengthening theoretical research. I also called for the need to use both hands to grasp work on many occasions in accordance with the spirit of Comrade Xiaoping's speeches. That is, while using one hand to grasp the work of developing the socialist planned commodity economy, we should also use the other hand to grasp work in the ideological and political realms. Of course, generally speaking, I still did not make sufficient efforts in this regard. In particular, the work did not achieve solid results. As Comrade Xiaoping pointed out, one

hand was tough, but the other hand was soft. I should bear major responsibility for this.

In this period, I felt that a rather complicated issue was how to conduct ideological-political work and how to achieve more satisfactory results in this regard. I often heard that the old methods of education would not achieve marked results, and might even arouse people's repugnance. I gave much consideration to this issue, but failed to properly solve it. At the same time, I also felt that ideological education alone was not enough. In order to make people thoroughly understand which is superior, socialism or capitalism, in the final analysis, people should draw their own conclusions from their own experiences and personally feel the superiority of socialism. Therefore, we need to successfully carry out reform and rapidly develop socialist democracy according to our national conditions. After April 1987, Comrade Xiaoping said many times: "The struggle against bourgeois liberalization is a long-term struggle and is also a prolonged process of education. We cannot launch political movement, but should successfully carry out reform and develop the economy, thus demonstrating the superiority of the socialist system. Practice will convince people who doubt the socialist system." I completely agree with these viewpoints of Comrade Xiaoping.

Reform includes reform of the economic structure and reform of the political structure, which are interrelated and interact. It now seems that, apart from economic structural reform and economic development, socialism should also demonstrate its superiority in the political structure and in the aspect of democracy. In practice, I have more and more deeply realized that reform of the political structure can neither surpass nor lag economic structural reform; instead, they should basically advance at the same pace. If political reform lags behind, it is hard to carry on economic reform and various social and political contradictions will arise. In the past, I thought that as long as economic structural reform was successful and the economy developed, then the people's living standards would be enhanced and the people would be satisfied and society would be stable. I later found that this was not the case in reality. With the enhancement of the people's living standards and cultural attainments, they will have a stronger sense of political participation and will long for democracy more strongly. If ideological education cannot keep pace and if the construction of democracy and the legal system cannot keep pace, social stability will still not be guaranteed. Last December, I said at a meeting of the armed forces that facts in many countries show that economic development did not automatically make people satisfied and contented and did not automatically bring about social stability. I think that this raises two questions for us: First, it is necessary to constantly use both hands to grasp work and we must not neglect work in the ideological and political fields. Second, reform of the political structure must keep pace, and, in particular, construction of socialist democracy and the socialist legal system must keep pace.

V

I have no objection to the proposal to relieve me of all offices, as mentioned by Comrade Li Peng in his report, but I have reservations on the two charges of "supporting turmoil" and "splitting the party."

Actually, I expressed my different opinion on the method of handling the student unrest at a party meetings within the scope allowed by the party constitution. No matter whether my opinion was feasible and effective or not, my opinion was aimed at calming down the turmoil. I never expressed any opinion supporting the turmoil.

In reality, the expansion of the student unrest and turmoil could not be attributed to support from me. In fact, the student unrest and turmoil continued to worsen and escalate rapidly between 23 and 30 April. During this period, I was not at home. Comrade Li Peng said in his report that it was my speech at the ADB annual meeting which caused the turmoil to escalate. In fact, after my speech, colleges reported the resumption of classes one after another. This shows that the charge against me was untrue. At that time, all newspapers in the capital carried the same report. At least, this shows that my speech did not cause the escalation of student unrest. After martial law was enforced on 19 May, I did not perform any official functions and did not make any speeches. It is more than unreasonable to put the blame for the escalation of the turmoil on me. It is also unjustifiable to say that the development of events was caused by my absence from the meeting on 19 May because I asked for sick leave.

As for the issue of splitting the party, what is behavior of splitting the party? There have been precedents in the history of the party, and there is also a definition in the "Norms on Inner-Party Political Life." Our party has never regarded the expression of different opinions at party meetings or even the reservation of different opinions as behavior of splitting the party.

In their opening speeches, leaders sometimes stress different points or use different tones. This causes various comments among the people. Such phenomena arise frequently, and also cannot be called an action of splitting the party. In his report, Comrade Li Peng accused me of not mentioning the 26 April editorial in my speech at the ADB meeting and also accused me of saying that "no major turmoil will arise in China" when turmoil had occurred. However, Comrade Li Peng himself also did not mention the 26 April editorial in his speech to the ADB the next day, and he also said that China would strive to "prevent turmoil." In my view, on different occasions, speeches may stress different points and use different wording. Thus, there may be some variance in the means of expression, and some improper or even erroneous way of expression may occur. However, all this cannot be exaggerated as "splitting the party." Still less can my absence from the meeting on 19 May after asking for sick leave be regarded as "splitting the party."

In addition, some institutions were called my "brain trusters" or my "brain trust." Because some people in these institutions took to the streets and took part in the demonstrations or gave public speeches, it seems they had certain relations with me. I must make it clear that there were no such "brain trusters" or "brain trusts." When I was working with the State Council, I sometimes discussed some theoretical economic issues with some people. People attending the discussion came from various institutions, and sometimes also from those institutions mentioned. Apart from those discussions, I had no connection with those institutions at all, and they were not directly managed by me. They had their own subordinate relations. It is false to call them my "brain trusts." This would also add unnecessary burdens to those institutions.

Since the party constitution stipulates that party members have the right to express their opinions on disciplinary measures against them, today I mainly express my appeal against the above-mentioned two charges against me and hope that my opinion will be properly considered.

'Newsletter' Describes Tiananmen 'Disturbance'

HK0606113794 Hong Kong TA KUNG PAO in Chinese
5 Jun 94 p 1

[("Newsletter from Beijing" by staff reporter Ma Ling (7456 3781): "Disharmony in Peace—Report From Tiananmen Square"]

[Text] Beijing, 4 Jun (TA KUNG PAO)—Today, the weather in Beijing was extremely good and people felt refreshed by the blue skies and a balmy breeze.

Tiananmen Square had a hint of a "festival" atmosphere. On both sides of the Tiananmen rostrum, two rows of fountains were spurting into the air and the national flags of China and Cambodia had been hung on lamp posts along both sides of Changan Avenue, because King Sihanouk of the Kingdom of Cambodia was visiting Beijing.

A Balmy Breeze

People can enter and leave the square at will or buy tickets to climb to Tiananmen Square to look far into the distance, and all kinds of cars could pass along Changan Avenue without any restrictions. Since the weather was good and the wind strong, many people went to the square to fly kites, and tourists from other parts of the country or from foreign countries had photos taken as mementos in a leisurely and carefree way. If one was tired, one could watch quietly by the roadside near the Great Hall of the People or the Museum of History.

If there was something different, so to speak, since bygone days when we were wandering around the square, it was the fact that more policemen and police cars were markedly present at the center of and around the square.

It was interesting that such an intensive deployment of the police force was shown in an open and natural way.

Relaxed and Natural

However, viewed from the feelings and expressions of the common people who passed by the square, it seems that the police presence merely served as a reminder and did not make people nervous, as was revealed by the people's facial expressions, which were relaxed and care-free.

However, despite all this, the square was not peaceful, and some people really wanted to make trouble and provoke disturbances.

At 1600 or 1700, that is, the peak hours at which people leave work, four (three male and one female) foreign youths wearing shirts printed with the words "Beijing Foreign Language University" and "democratism" and "democracy, liberty" in English and Chinese characters on the back and front, seized the opportunity to swagger through the eastern side of the Tiananmen rostrum and were immediately brought to the attention of the police. When asked by the police to change their clothes, they all held their heads high and assumed an arrogant and self-satisfied posture. After being urged repeatedly by the police, they could not but open their bags and put on the ordinary clothes they had prepared in advance. As pedestrians gathered and looked at them, one man was humming a tune while chewing gum, whereas another man and woman even kissed each other.

Showing Self-Satisfaction

When a plainclothes policeman used a camcorder to record them and the crowd of onlookers exchanged whispered comments, the youths even looked smug, and their complacent appearance of "being in the limelight" was really displeasing to others.

The police repeatedly advised the crowd to go away, saying that "there is nothing worth looking at, please go home." But some smiling people found it interesting and were not willing to go. Meanwhile, some people said while leaving the scene: "This group of foreigners intended to create a disturbance...foreigners are really ardent, they are just trying to ask for trouble." From listening to their tone, they did not buy the foreigners' "democratic favor."

Later, a foreign-made, mid-sized van without a number plate, for reasons unknown, turned left at high speed from the northwestern side of the Great Hall of the People and accelerated in a hurry. The van was closely followed by two police cars, which again attracted onlookers' attention. Judged by the model of the van, which passed in a flash, and the people inside, it is certain that they were also foreigners.

Desire To See Square Plunged Into Chaos

Hence, it is easy to raise a question: Is there really a group of people who wish to see Tiananmen Square

plunged into chaos? As far as this reporter could see, all of these people are actually "foreigners."

As a matter of fact, the common people in Beijing basically prefer stability to chaos. As far as this reporter could see in Tiananmen today, Beijing people were there to see a "peep show" at most.

Two Americans, Two Britons Said Among Crash Victims

HK0706054394 Hong Kong AFP in English 0449 GMT 7 Jun 94

[Text] Beijing, June 7 (AFP)—Foreigners, including four Italians from the same family, two Americans and two British nationals were among the 160 victims of a China Northwest Airlines plane crash near the central Chinese city of Xian, the company said Tuesday.

A company spokesman interviewed by telephone from Xian said a ninth "foreigner" who was killed in the crash early Monday had not yet been identified.

The crash of China Northwest Airlines Flight WH2303, which had been carrying 146 passengers and 14 crew members, also killed three Hong Kong residents and a Taiwanese.

Chinese sources said the unidentified foreigner was Swiss, but the Swiss Embassy here refused to confirm the information before formal identification.

The Italian Embassy here confirmed that an Italian couple had died along with their son and daughter in the crash of the Soviet-made Tupolev-154 aircraft which was travelling from Xian to the southern city of Guangzhou. The father of the children was reported to be a professor from the Florence Polytechnical School.

The embassies of Britain and the United States also confirmed the presence of four of their nationals aboard China Northwest Airlines flight Wh2303. The British Embassy added that both of its nationals aboard the flight were male but did not provide further details.

The accident—the worst in China's civil aviation history—occurred about 30 kilometres (18 miles) southeast of Xian near the Qinling mountain range.

The English-language CHINA DAILY newspaper said Tuesday that "three eyewitnesses said they heard two loud explosions in the clouds and then saw a fireball crashing to the ground."

A spokesman for the airline company earlier said the plane had taken off in bad weather under heavy rain, adding that an investigation was immediately launched into the incident.

A Civil Air Administration of China (CAAC) spokesman refused to comment on the disaster Tuesday.

Xian, the ancient imperial capital some 900 kilometres (540 miles) southwest of Beijing, is where the terracotta

warrior statues of the emperor Qin Shihuang were found, making the city a popular tourist attraction.

'Black Box' Recovered From Plane Wreckage

OW0706004994 Beijing Central People's Radio Network in Mandarin 2230 GMT 6 Jun 94

[By station reporter (Cui Zhenglai); from the "News and Press Review" program]

[Text] China Northwest Airlines passenger plane flight number 2303 crashed 30 km southeast of Xian at 0823 [0023 GMT] yesterday [6 June] while en route from Xian to Guangzhou.

All 160 people on board the TU-154 plane, including 146 passengers and 14 crew members, died.

Assigned by State Council Premier Li Peng, Vice Premier Zou Jiahua led a work team to Xian yesterday afternoon. They rushed to the scene to investigate and handle the accident; they also heard briefings by the relevant departments.

On behalf of the State Council, the vice premier expressed deep condolences to all victims of the crash, and sympathy and solicitude to the bereaved families.

According to briefings, of the 146 passengers, 133 were from the mainland, one from Taiwan, three from Hong Kong, and nine from other countries.

It is understood that the plane lost contact with the ground 10 minutes after it took off from Xian's Xianyang Airport at 0812 [0012 GMT].

In the wake of the accident, the Shaanxi Provincial CPC Committee and provincial government and the Xian city party committee and city government, as well as local army and armed police units, public security cadres and police, and the masses of people, rushed to the scene to take care of the aftermath.

The bodies of all 160 victims have been recovered, and the plane's black box has also been discovered.

The cause of the crash is under investigation.

Eyewitnesses Say Jet Exploded Before Crashing

HK0706060594 Beijing CHINA DAILY in English 7 Jun 94 p 1

[By Ma Lie and Xie Yicheng; "Jettiner Crash Near Xian Kills All 160 on Board"]

[Text] A TU-154 passenger jet liner of China Northwest Airlines with 160 people on board crashed yesterday morning near Xian, capital of Shaanxi Province. There were no survivors.

By 9 pm last night [1300 gmt], the cause of the crash was still under investigation. However, rescue teams have already recovered the black box containing the flight

recording, which is being analysed by experts, according to reports from the crash site.

A source from the Civil Aviation Administration of China (CAAC) said Flight No 2303 took off at 8:12 am on a flight to Guangzhou, capital of south China's Guangdong Province.

Eight minutes later, the plane lost contact with the airport control tower, the source said, and was seen crashing in farmland in Mingdu town of Chang'an County soon afterwards.

Reports from the scene were confused but the latest information said that all the 146 passengers—including 133 mainland Chinese plus four Italian, two American, two British, three Hong Kong, one Taiwanese and another unidentified overseas traveler—and also the 14 crew members on board the Russian-made jet were confirmed as killed.

The death toll included four children, according to airline sources.

Three eyewitnesses said they heard two loud explosions in the clouds and then saw a fire ball crashing to the ground. Debris was scattered across a wide area.

Local officials, aviation experts, and medical personnel rushed to the crash site upon hearing the news.

Vice-Premier Zou Jiahua and leading officials of CAAC and the Ministry of Labour, including the newly appointed CAAC director Chen Guangyi, flew from Beijing to Xian to investigate the case soon after the crash was reported.

The crash site was 30 kilometres southeast of Xian and 80 kilometres away from the Xianyang International Airport, where the plane took off. It was near the Qinling Mountains but the site of the crash was level ground.

The incident was the first air fatality in China since last November, when an MD-82 airliner of China Northern Airlines crashed while landing in the western city of Urumqi. Twelve people died in that accident.

Technical Problem 'Likely' Cause of Air Crash

HK0706074994 Hong Kong AFP in English 0652 GMT 6 June 94

[Text] Beijing, June 6 (AFP)—A technical problem rather than pilot error is likely to blame for the crash of a China Northwestern Airlines Tupolev-154, in which 160 were killed, airline sources and local officials said Tuesday. An airline spokesman, speaking from the central city of Xian, emphasised that the pilot "had not committed any mistake" in Monday's crash.

The English-language official newspaper China Daily, meanwhile, reported that three eyewitness said they heard "two loud explosions in the clouds and then saw a fireball crashing to the ground."

A spokesman for the government of Shaanxi province said the two explosions were caused by the "breakup of the flight deck" but denied there had been a fire. "The aircraft debris and bodies recovered on the ground bore no scorch marks," he said.

The spokesman said: "It is more likely that it was caused by a technical problem affecting the plane's structure."

The Tupolev-154 which crashed shortly after takeoff from Xian on a flight to Guangzhou, is an old Soviet-designed aircraft with three turbo-jets.

Zou Jiahua Inspects Crash Site

OW0606142694 Beijing XINHUA in English 1402 GMT 6 Jun 94

[Text] Xian, June 6 (XINHUA)—A total of 146 passengers and 14 crew died today as a China Northwest Airlines passenger plane crashed 30 kilometers south-east of Xian at 8:23 am. There were no survivors.

Of the 146 passengers, 133 were from the mainland, three from Hong Kong, one from Taiwan and nine from other countries, local officials said.

They said that the Tu-154 passenger plane lost contact with the control tower ten minutes after it took off from Xianyang Airport at Xian, capital of north-west China's Shaanxi Province.

The plane was scheduled to fly to Guangzhou, capital of south China's Guangdong Province.

Chinese Vice-Premier Zou Jiahua flew to the accident site this afternoon. The cause of the crash is now under investigation.

Gives Condolences

OW0606160694 Beijing XINHUA in English 1559 GMT 6 Jun 94

[Text] Xian, June 6 (XINHUA)—Chinese Vice-Premier Zou Jiahua, on behalf of the State Council, today expressed condolences to all victims of a plane crash, and sympathy and solicitude to the families of the victims.

A total of 146 passengers and 14 crew died today as a China Northwest Airlines passenger plane crashed 30 kilometers south-east of Xian at 8:23 am. There were no survivors.

Of the 146 passengers, 133 were from the mainland, three from Hong Kong, one from Taiwan and nine from other countries, local officials said.

They said that the TU-154 passenger plane lost contact with the control tower ten minutes after it took off from Xianyang airport at Xian, capital of north-west China's Shaanxi Province.

The plane was scheduled to fly to Guangzhou, capital of south China's Guangdong Province.

Chinese Vice-Premier Zou Jiahua flew to the accident site this afternoon. Assigned by Chinese Premier Li Peng, he led officials from relevant departments of the State Council to help handle the aftermath of the accident.

The cause of the crash is now under investigation.

Jiang Zemin Reportedly Talks About 'Secret Worries'

HK0606120894 Hong Kong YACHOU CHOUKAN in Chinese 29 May 94 p 13

[Report: "Jiang Zemin Talks About China's Eight Major Secret Worries"]

[Text] Jiang Zemin: China's eight major secret worries.

- Serious slide in the production and operation of state-owned enterprises, unemployment of workers, and workers' strikes breaking out in Wuhan and Shenyang.
- Failure in grain and cotton production, farmland left uncultivated, large numbers of young people and people in their prime of life leaving the countryside.
- Foreign trade hit by anti-dumping moves by foreign countries.
- Influx of foreign goods and the shrinkage of the domestic trade market.
- Resentment of the masses toward corruption within the party.
- Inharmonious relationship between the central authorities and local governments.
- Tense and explosive situation on the Korean Peninsula threatening China's security.
- The United States and other western countries using the issue of human rights to exert pressure on China.

Economic Dilemmas Facing China Discussed

HK0606115494 Hong Kong CHING PAO in Chinese No 203, 5 Jun 94 pp 34-37

[Article by Feng Chien 7458 0051: "Deng Xiaoping Talks Again About Arrangements After His Death"]

[Text] Confronted with the actual conditions that capital construction has continued to expand, inflation remaining high, and living standards of staffers and workers having somewhat worsened since the beginning of this year, it is said that the CPC top echelon continues to focus in the near future on scaling down capital construction, exercising strict control over the scope of credit, lowering the inflation rate, and firmly grasping agricultural production as well as "non-staple food supply engineering" in urban areas. According to State Council Vice Premier Zhu Rongji, the key to the success

or failure of reform and development this year lies in whether or not a good job is done of reducing the inflation rate and the scope of capital construction, whether or not mass sentiment, especially of workers and staffers at state-owned enterprises suffering deficits, will be stabilized. With a good job done in those two aspects, reform and development in the second half of the year will enjoy comparatively smooth progress. To fulfill the aforementioned targets, the CPC top echelon is sparing no effort to conduct macroeconomic regulation and control by resorting to administrative means, while slowing the pace of reform for the time being. Economists' estimates show that despite the fact that the CPC top echelon continues to adopt a "soft landing" policy, which has been in practice since the second half of 1993, in handling economic issues this year to prevent an excessive drop in the growth rate, should economic growth and inflation rates remain too high, the CPC top echelon is likely to adopt control measures of greater magnitude than last year, even though Zhu Rongji himself is unwilling to resort to such measures.

Deng Xiaoping's New Instruction on Economic Construction

A resourceful figure disclosed that one opinion on the mainland believes that responsibility for the economy being "overheated" should be assigned to Deng Xiaoping's talks made during his southern inspection tour; Deng had approved of a 6 percent growth rate, which he later contradicted in the wake of his talks made during this tour. Furthermore, Deng Xiaoping insistently stressed decentralization, "filling ponds with water to breed fish" [fang shui yang yu 2397 3055 7402 7625]; as a result, central control was reduced, the regional imbalance in economic development aggravated, and the momentum of blind expansion in various localities went out of control.

Such opinion had been collected and reported to Deng Xiaoping, who did not say anything about it right away. However, not long ago, while talking about other issues, Deng Xiaoping said: "Taking economic construction as the key," reform and opening up, and "development is the last word" [fa zhan shi ying dao li 4099 1455 2508 4289 6670 3810], these three points are the essentials of what I have advocated; practice demonstrates that there is nothing wrong with those three points, which have won popular support. To my mind, no major problems will surface should the third generation of CPC leaders persist in these three points. As to the question of whether or not the central authorities should have greater power or less, I have not shaped a clear picture in my mind yet. However, this issue should be judged by three criteria, namely, whether or not it is helpful to social productive force development, improving comprehensive national strength, and improving people's living standards. No rules should be generally stipulated. For many years, we have not found a satisfactory solution to this issue. In his days, Chairman Mao wanted to resolve the issue; however, the result was overly rigid centralization which affected development. In

the wake of the Third Session of the 11th Central Committee, we have changed past practice; consequently, the economy improved. Today, the issue has once again become conspicuous, where lies the knot of the issue? That is a point leading members of the third generation must resolve. In my opinion, historical lessons and experiences should not be neglected; on the other hand, problems should be investigated and resolved from the angle of reform and development. I have long set out that the central leadership must have authority; that is one of our political advantages. The problem today is that it does not enjoy sufficient authority; at the same time, the enthusiasm of localities has not been given full play. Primarily it is necessary to have a clear picture of the differences between the two aspects. I do not have much energy left now, and other old comrades are not working in the forefront. I am afraid all we can do is offer some suggestions, and we must rely on younger comrades to resolve the issue. Younger comrades should make new accomplishments; it is quite beyond us old people to take their place.

Regarding Deng Xiaoping's aforementioned words, figures of political and economic circles made the following analyses: 1) Deng is sober-minded, has his own criteria in understanding the situation, and does not fully approve of current practices; and 2) Deng Xiaoping is, perhaps, still examining "leading members of the third generation." However, it is quite beyond him now; he pins his hopes on leading members of the third generation maturing and growing up as quickly as possible.

Some source has it that **Deng Xiaoping has recently told his family members: Do not see my personal role being so great; it is far from being so in reality. When Chairman Mao passed away, was it not true that the sky did not fall! Now everyday the outside world is saying that I am dead or on my death bed. When things like that are repeated too often, people will get used to it. The key lies in the fact that we have taken the right path and the economy has developed. No matter how big my role is said to be, it is merely mediocre?! The sky won't fall, even if it should fall, there is always someone to support it.**

The Present Situation Is Characterized by "Political Tightening Up, Economic Toughening Up"

To generalize the mainland situation today in a popular saying, perhaps it is appropriate to quote the phrase "political tightening up, economic toughening up." The CPC top echelon have all along persisted in "political tightening up" over the past few years. To maintain the CPC status of absolute leadership, the top echelon first talked about "reform" of the political structure, but now they have confined themselves to talking about "completion and perfection" only, and retrogressed to canceling the political reform plan characterized by "separation of the party and government" formulated at the CPC 13th Party Congress, while basically resorting to the traditional political structure corresponding to the traditional planned economy to deal with economic restructuring. It is only since the second half of 1993 that the top echelon

began to pay attention to and augment the policy of "economic toughening up," with its fundamental characteristic of augmenting central macroeconomic control and regulation as well as a central dominant role in finance, with more power relegated to localities redistributed in the name of "reform" to undergo recentralization. Prior to this, the CPC implemented a "soft economic" policy in reform, basically characterized by relegating power to localities and enterprises to develop the market economy. The simultaneous implementation of "soft" and "tough" policies in economic reform has shown that the CPC has greater room for choice and comparatively greater freedom in reform in the economic arena. Reviewing the entire progress of reform over the past dozen of years or so, the basic CPC strategy was to center on the traditional political structure to push economic marketization and liberalization. Namely, "to promote being 'soft' [in the economy] with 'tightening up' [in politics]." More often than not, while augmenting political control, the CPC would lift excessive restrictions over the economy on a wide scale; and it was comparatively rare for the CPC to adopt a policy of "simultaneous tightening up" in politics and economics. Even in the wake of the "4 June" crackdown in 1989, they implemented the policy of "promoting 'being soft' with 'tightening up'" for approximately three years; however, the pace of economic reform in 1992 was greater than any time in the past.

Traditional Political Structure Can Hardly Conform to Economic Reform

As of today, the CPC top echelon believe that a basic experience in the success of China's reform is to promote it and development in the way of "politically tightening up, with relaxation in the economy." However, whether or not such practice of giving up political restructuring while augmenting political control will continue to be effective has increasingly become a question.

First, the existing political structure in China and its operational form can hardly resolve and remove the political perplexity and contradictions that have arisen in recent years. For example, regarding incidents of workers from state-owned enterprises petitioning for failure to receive their wages, there are few political means for the authorities to resolve worker resentment. At last, they could only resort to relying on financial allotments to "extend concern" in dealing with such problems.

Second, the existing political structure in China can hardly overcome the phenomenon of corruption. The phenomenon of corruption, basically characterized by bartering power for money, has spread and expanded. Consequently, the effectiveness of the market economy allocating goods and equipment has been seriously jeopardized; in addition, the impartiality and authority of the party in office, and its governing in social and economic administration are seriously injured. According to a mainland statistics, the annual loss in state-owned assets was approximately 100 million yuan,

and a major channel for the loss was precisely through bartering power for money, a universal malpractice existing in various economic activities. "The first responsible persons" of party and government departments at various levels have considerable power in their hands to intervene in economic life; a mere note or order they wrote would give the green light to the sale of assets worth thousands and even a hundred million yuan for which the officials themselves would obtain huge sum of "commissions" in return. The "double-track system" has cultivated a number of bureaucrats who live on "bartering power for money," who hold an entirely opposing and resistant attitude regarding such political requirements as separation of party and government, of government and enterprise, of government administration and assets management, and democratic supervision, sharing power, and balance in power, which fall in line with the law governing the market economy; they are even opposed to the central authorities retrieving the power in their hands. These people and this social strata have shaped into a strong political force impeding reform in China. The CPC top echelon's worries about failure to effectively overcome such tendencies as "disobedience to government orders," "localism," and "each going his own way" are attributed to the resistance of the aforementioned political force.

An important task in China's economic reform is to require governments at various levels to implement separation of government and enterprises with regards to state-owned enterprises, and for government departments to accelerate conversion of functions. However, this task is very difficult to fulfill, and one of the causes lies in the unwillingness of those officials who have fattened their purses by utilizing "bartering power for money" under the "double-track system" to give up power. The phenomenon of corruption finds its root in the "double-track system." Nevertheless, the merger of the "double-track system" with the market economic structure can hardly be fulfilled by relying on economic restructuring alone.

The CPC top echelon's aim in pushing reform this year is "to push forward reform as a whole [zheng ti tui jin 2419 7555 2236 6651,] make major breakthroughs [zhong dian tu po 6850 7820 4499 4275,] shape a whole range in coordination [pei tao xie tiao 6792 1152 0588 6148.]" Such an aim for reform can hardly be implemented in practice for lack of a design and arrangements in political restructuring. Presently, the CPC top echelon has increasingly resorted to administrative means to implement the reform plan and to resolve pressing issues existing in economic life. There is no signs of conversion of the "double-track" situation, but a strengthening momentum of the trend to resort to administrative means. The government's role in economic life seems to be far stronger than the market's role; however, its effective role is markedly reduced. From one angle, such a phenomenon shows that China's political restructuring is behind schedule, which has brought increasingly marked negative effects on economic reform.

The Authorities Confront a Dilemma in Inflation

We should say that political restructuring being behind schedule is a great hindrance to unfolding comprehensive economic restructuring in China; another great obstacle to pushing economic reform will be the CPC top echelon's dilemma in confronting inflation. What accounts for the inflation in China today is largely the following causes: 1) Price hikes inevitably resulting from the transition from a planned to a market economy. This includes conversion from incomplete to complete cost accounting, from welfare to operational service undertakings, from "implicit" to explicit government financial subsidies. 2) Price hikes resulting from China lifting control over prices for grains, energy resources, raw materials, transportations and tertiary industries which accounted for about 60 percent of the rise in the general price level in China. 3) Price hikes resulting from investment expansion and excessive money. The increase of banknotes in circulation in China exceeded 30 percent in 1993 and over 1992, and the lasting effects of this continue to be felt this year. 4) The tax reform plan presented this year, especially value-added tax, has helped push up prices. Of the aforementioned four major causes, 1), 2), and 4) will continue to have a comparatively strong impact on price rises. Perhaps there is little positive meaning to controlling price rises of goods in those categories; on the contrary, it would result in still greater confusion in economic life. Thus, the CPC top echelon has focused work regarding control over prices on checking the scope of capital construction and controlling the excessive money supply, while resorting to a series of administrative means such as listing scores of commodities under supervision and examination, suspending trade in coal and steel futures, and strictly controlling circulation funds and loans while adopting such measures as putting a ceiling on and freezing prices and conducting price checks on a wide scale.

Despite such steps being effective to certain degree, the negative effects resulting from them were comparatively great. First, the losses of state-owned enterprises which rely on voluminous low interest-rate loans for their survival continued to grow, with chained debts rising to 700 billion yuan. Second, unemployment pressure has continued to grow, especially a large number of workers of large state-owned enterprise are worrying about their livelihood because production has been suspended or semi-suspended, with very strong resentments fermenting. And third, the trends of governments in various places drifting away from the central authorities has further aggravated. The central austerity policy and taxation and banking reform measures presented have not brought localities any substantial benefits and power; consequently, localities paid less attention to repeated central orders and injunctions, while utilizing various fund-collecting channels to enlarge reproduction in pursuit of growth rate.

Experts Have Controversial Opinions on Curbing Inflation

Under such circumstances, great disputes have surfaced among economists who provide the CPC top echelon with strategic advice. A number of economists, with Li Yining as representative, believe that only by maintaining a 9-10 percent economic growth rate will it be possible to fully mobilize existing resources, while avoiding wasting them. For this reason, a certain degree of inflation is inevitable; furthermore, the process of monetizing economic activities as demanded by the building of a market economic structure will inevitably be accompanied by a high inflation rate to a certain degree, but will yield a system in which effective allocation of economic resources will be realized. Thus, it is advisable to keep the fight against inflation at a moderate level; the implementation of the economic austerity policy should be appropriate, and focus must be placed on converting the managerial mechanism of state-owned enterprises and removing chained debts, while allowing enterprises with high economic returns to have more sufficient circulation funds and loans to promote development, so that the pressure of unemployment might be reduced to a minimum.

However, another set of economists, represented by Wu Jinglian, believe that any form of inflation will only worsen the economic situation and result in recession of the entire economy as well as political instability. To maintain abnormal state-owned enterprises with low economic returns by increasing money issuance would not resolve chained debts, but only make more funds flow into capital construction, with greater volume of products in storage while stimulating the aggravation of inflation. Thus, the pressing matter of the day is to maintain the magnitude of economic austerity, strictly control money supply and loans, promote the conversion of managerial mechanism, bankruptcy, and transfer of abnormal state-owned enterprises with low economic returns to curb capital construction.

It was said that the authorities attached importance to and appreciated the latter of the aforementioned two opinions. However, in late April, inflation was not curbed in China, and the authorities had to adopt the opinion of Li Yining's school of economists to appropriately relax the magnitude of economic austerity and change the targets of circulation fund loans to take into consideration the demand of those enterprises with better economic returns. However, economists indicated that the authorities must raise loan rates again if they wanted to keep the general scope of money supply under control while showing consideration for the pressing needs of circulating funds for various state-owned enterprises. However, deficits of numerous state-owned enterprises will be increasingly aggravated, and the rise in enterprise production costs will bring along further price hikes. Such a dilemma has been a great headache to Zhu Rongji.

The CPC Is Likely To Convoke Its Fourth Plenary Session in the Near Future

During the "politically sensitive" period of April, May, and June, any decisions made by the CPC top echelon will come under the restriction of consideration for "stability." It is estimated that at least after early June, the CPC top echelon's policy will gradually be clarified, and the issues surfacing in the course of economic reform and development will be placed on top of the agenda. Probably, that will be one of the contents on the agenda of the Fourth Plenary Session of the 14th Central Committee said to be convoked around June.

Fourth Plenary Session Said Slated for Later This Year

*HK0606124894 Hong Kong WEN WEI PO in Chinese
6 Jun 94 p A2*

[By staff reporter Chen Chien-ping (7115 1696 1627): "Fourth Plenary Session of 14th CPC Central Committee To Be Held in Second Half of This Year"]

[Text] Beijing, 5 Jun (WEN WEI PO)—As disclosed by authoritative sources here, the Fourth Plenary Session of the 14th CPC Central Committee is scheduled for the second half of this year. The Fourth Plenary Session will make a decision on the issue of macroregulation and control of socialist market economy; and the issue of large and medium-sized state-owned enterprises and agriculture will also be the main topics at this plenary session.

It is said that the other day, the central authorities pooled personnel from relevant departments and formed a group which shall be responsible for writing the plenary session's documents and, in accordance with the relevant decisions made by the top-level CPC authorities and on the basis of full procurement, analysis, investigation, and study of the various situations at home, will draw on the relevant experience of other countries and draft reports for the session.

It was revealed that the CPC top echelon believes that to practice socialist market economy, it is necessary to study the issue of implementing macroregulation and control in the context of a market economy. In exercising macroregulation and control, an overall framework should be produced and fundamental measures recommended, just like the decision made at the Third Plenary Session. The CPC top echelon also thinks that the macroregulation and control exercised in the context of market economy should concentrate on the use of economic levers and legal means. Administrative means are necessary under certain circumstances, but as far as the overall macroregulation and control are concerned, it should not be used as a chief mode of regulation and control.

The authoritative sources said that the theme of the Fourth Plenary Session recommended by the CPC top echelon has positive and immediate significance and

considerations. The Third Plenary Session of the 14th CPC Central Committee proposed a structural frame for the socialist market economic system. What the Fourth Plenary Session will seek to solve are new issues concerning management under this new structure. Recently, several standing committee members of the Political Bureau of the CPC Central Committee went to various places around the country to conduct investigation and research. For instance, General Secretary Jiang Zemin went to Shanghai, Premier Li Peng to Jiangsu and Shanghai, and Vice Premier Zhu Rongji to a number of provinces and municipalities. All of them went on those inspection tours with the same goal in mind, to obtain first-hand material.

Fourth CPC Plenary Session To Regulate Market Economy

HK0706052394 Hong Kong SOUTH CHINA MORNING POST in English 7 Jun 94 p 10

[By Willy Wo-lap Lam]

[Text] A plenary session of the Communist Party Central Committee will be held later this year to discuss ways in which the central authorities will regulate the embryonic market economy. The move confirms the recent trend that to reassert central control and boost social stability, the leadership is restoring some elements of state planning.

Top on the agenda of the conference, which will be the Fourth Plenum of the 14th Central Committee, will be working out mechanisms to ensure better state control of economic activities, particularly those of localities.

An economic source said Beijing's goals included ways to ensure noninflationary growth; to contain fixed-asset investments by local governments and enterprises; to guarantee proper agricultural development; and to promote enterprise reform without excessive privatisation.

And in view of the rapidly declining health of patriarch Deng Xiaoping, the Central Committee will also deliberate on measures to ensure political stability after his death.

"The Third Plenum held last November endorsed a blueprint for bold market reforms," the source said. "The Fourth Plenum will in some ways rectify the Third Plenum resolution by determining what the authorities must do to prevent market forces from exacerbating dislocations such as inflation."

It is expected to be called in the autumn after the leadership and party elders hold their annual informal meetings at the Beidaihe summer resort in August.

The Central Committee is expected to institutionalise ways to prevent localities from earmarking too much funds for outside-state-plan projects. Mechanisms will be put into place to guarantee sufficient acreage for grain and essential produce.

And in the course of the reform of state enterprises, Beijing will ensure that its hold on state assets will not be weakened and that not too many workers will become dispossessed.

Analysts said the theme of the forthcoming plenum dovetailed with the policies of President Jiang Zemin and economic tsar Vice-Premier Zhu Rongji, who believe in the need to use strong macrolevel measures to keep market forces within acceptable channels.

It is understood that a team of drafters under Mr Jiang and Mr Zhu has started work on a resolution to be passed at the Fourth Plenum.

According to a report in yesterday's edition of the pro-Chinese Hong Kong daily, Wen Wei Po, the plenum would be devoted to "the problem of management under the new system" of a market economy.

The newspaper reported that while Beijing would mainly rely on economic levers and legal means to regulate the economy, "executive means are still required under certain circumstances".

Zou Jiahua Addresses National Radio Conference

OW0706091894 Beijing XINHUA Domestic Service in Chinese 1014 GMT 6 Jun 94

[By Central People's Broadcasting Station reporter Song Jian (1345 0256) and XINHUA reporter Chu Baoping (2806 0202 1627)]

[Text] Beijing, 6 Jun (XINHUA)— At the National Work Conference on Radio Administration in Beijing today, Zou Jiahua, vice premier and chairman of the State Radio Regulatory Committee [SRRC], stressed that it is necessary to step up radio administration and push forward the development of radio services.

Zou Jiahua pointed out: China has made tremendous progress in radio administration over the decades, especially in the dozen or so years since we began implementing the policy of reform and opening up to the outside world. However, development has also brought to light the existing system's problems and inadequacies, the prominent ones being overlapping government organs, sluggish management, lack of coordination in the organizational and command structure, and a monitoring system that needs strengthening. These problems may stand in the way of the development of China's radio services if we do not face up to and resolve them with persistent efforts.

He pointed out: The "PRC Regulations on Radio Administration" promulgated last September provide the fundamental legal basis for China's radio administration. The "regulations" basic guidelines are their emphasis on centralized and unified leadership and their call for stepping up centralized and unified administration and for stepping up legislation, planning, and construction of technical facilities. He stressed that the

"regulations" are a set of administrative rules. Radio administrative departments at all levels must implement them earnestly in the light of their actual conditions and in accordance with the principles of administering according to law and strictly enforcing the law and punishing lawbreakers. Penalty for typical violations such as defying supervision or ignoring administrative rules and regulations should be publicly announced.

He said: After the regulations were promulgated, it became necessary to sort out relevant regulations and formulate supplementary ones. The rules that are to be formulated by the localities and departments, including the specific regulations which the "regulations" referred to as necessary, must not deviate from the principles set in the "regulations." Earnest efforts should be made to sort out the regulations that were formulated by the localities and departments before the "regulations" were promulgated.

Speaking of structural readjustment, he pointed out: One important aspect of the ongoing structural readjustment is stepping up centralized and unified administration, with the emphasis on the central and provincial levels. The responsibility and powers of these two levels should be enhanced. Instead of radio regulatory committees, an provincial radio regulatory committee agency will be set up at prefectural and city levels. All royalties for use of radio frequencies should be sent to treasuries at the central and local levels. The treasuries will appropriate radio administrative departments' operating expenses.

He concluded: Emphasizing unified management does not mean that the SRRC will take charge of everything. Matters such as general principles, legislation, law enforcement, frequency distribution, geographical distribution of transmitters, frequency planning, and organization of overall airwaves monitoring must be handled by the state under unified leadership. The purpose of readjusting radio administration is to step up administration and to advance the development of radio services. Whenever the phrase "stepping up administration" is mentioned, we must refrain from exercising rigid control and excessive interference to the extent of stifling and restricting the development of radio services. Administration and development should be closely interrelated and mutually complementary.

On behalf of the SRRC, Wu Jichuan, vice chairman of the SRRC and minister of posts and telecommunications, delivered a report on the significance, methods, and requirements of the readjustment of the radio administration structure and departments. Kui Fulin, vice chairman of the SRRC and assistant to chief of general staff; Zhang Kezhi, vice chairman of the SRRC and deputy secretary general of the State Council; and other SRRC members were present at the meeting.

Ye Xuanping Urges More Theoretical Study

OW0606144094 Beijing XINHUA Domestic Service in Chinese 0813 GMT 6 Jun 94

[Text] Beijing, 6 Jun—Speaking at a recent seminar on the work of the Chinese People's Political Consultative Conference [CPPCC] in 1994, Ye Xuanping, vice chairman of the CPPCC National Committee, stressed that CPPCC organizations at all levels should attach greater importance to theoretical study, and should strengthen research and discussion of theory.

Ye Xuanping pointed out that at every important moment of the party's history when the party faces a major task, there is always an upsurge of study to review past work experience and correctly understand the situation and tasks. He urged the CPPCC to unify their thinking with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, and successfully push CPPCC work forward.

Ye Xuanping said: It is necessary to study CPPCC work and at the same time acquire a correct understanding of China's national conditions. Only by correctly understanding our national condition can the CPPCC find its place, successfully carry out its responsibilities, bring its strong points into play, and make its due contributions. He continued: The topics for research and discussion should be selective. They should have theoretical depth and at the same time provide guidance to CPPCC work. He said: It is necessary to implement the policy of "letting a hundred flowers blossom and a hundred schools of thought contend" in theoretical research and discussion, and everyone should be able to freely air their views so as to achieve unity in understanding and raise their standards to serve for the country's central task.

Ren Jianxin Addresses National Crime Teleconference

OW0606115894 Beijing XINHUA Domestic Service in Chinese 0644 GMT 6 Jun 94

[By reporter Wang Jinfu (3076 6855 4395)]

[Text] Beijing, 6 Jun (XINHUA)—The CPC Central Committee's Central Commission on Politics and Law held a national teleconference in Beijing today to make further arrangements for vigorously cracking down on major and important cases of economic crime. Ren Jianxin, member of the CPC Central Committee Secretariat and secretary of the Central Commission on Politics and Law, called for intensifying attack on embezzlement, bribery, financial fraud, smuggling, and other serious economic crimes in the coming days. He particularly called for earnest efforts to investigate and try major and important cases to push forward the struggle against corruption.

Wei Jianxing, member of the CPC Central Committee Political Bureau and member of the Secretariat; Luo Gan, state councillor and secretary general of the State

Council; Zhang Siqing, procurator general of the Supreme People's Procuratorate; Cao Qingze, minister of supervision; and Wang Deying, deputy secretary of the Central Discipline Inspection Commission, attended the conference.

According to a briefing, from January to April this year, more than 19,000 cases of various economic crimes were placed on file for investigation and prosecution by procuratorial organs in various parts of the country, of which 12,000 were cases of embezzlement and bribery and 6,173 were major cases involving more than 10,000 yuan. During the first quarter of this year, courts across the country accepted and heard 9,836 cases of economic crime, of which 2,591 were major cases involving more than 10,000 yuan. A total of 7,130 people were sentenced, of which 102 were sentenced to death or life imprisonment. Among those sentenced, one person was a vice-ministerial-level cadre, nine were department and bureau level cadres, and 35 were county-departmental-level cadres.

In summing up progress in investigating and trying major, important cases during the anticorruption struggle of the preceding period, Ren Jianxin said: Thanks to the tremendous amount of painstaking work by party committees, governments, discipline inspection and supervision departments, and judicial organs at various levels, the anticorruption struggle has achieved interim results and has halted the spread of corruption to some extent. However, our work in investigating and trying major, important cases of economic crime still has quite a long way to go to resolve the problems on hand, and it falls short of the call of the people and the demand of the party Central Committee and the State Council; there are still many problems to be resolved. He said the main problems are uneven development in the struggle; too many obstacles, slow progress, and weakness in case handling; and lack of toughness in attacking corruption.

Ren Jianxin pointed out that in the second half of this year, public security and procuratorial departments and people's courts must concentrate their efforts and focus on main points in speeding up investigation and trial of major and important cases of economic crime. He said: We must make embezzlement, bribery, financial fraud, smuggling, and other criminal cases our main focus of our investigation and trial. We must make leading party and government organs, judicial departments, administrative and law enforcement departments, and economic management departments our main focus in economic crime investigation. We must assign the most qualified personnel to do the job. We must be resolved to remove all obstacles and concentrate our efforts on investigating and trying those cases involving leading cadres at and above the county departmental level. We must publish, one after another, some of the major cases having nationwide impact, particularly important cases involving crimes committed by leading cadres, in order to increase the momentum and enhance their social effect.

Ren Jianxin stressed: Whether the work of investigating and trying major, important cases can sustain and produce results hinges on the leadership. Leading comrades of party committees, governments, and departments at all levels must further achieve unity in thinking; increase their awareness of the significance of investigating and trying major, important cases; enhance their sense of mission and urgency; and truly make the investigation and trial of major, important cases a major political task in the struggle against corruption. Leading comrades must earnestly strengthen their leadership over the work of investigating and trying major, important cases, vigorously support and assist public security and procuratorial departments and people's courts in overcoming resistance, removing interference, and enforcing the law honestly to achieve greater breakthroughs and progress in the struggle against corruption.

Ren Jianxin demanded: Public security and procuratorial departments and people's courts, discipline inspection and supervision departments, administrative and law enforcement departments, as well as other departments and units must perform their duties in accordance with the law, strengthen coordination, act in concert, improve case handling efficiency, increase case handling speed, and jointly carry out the work of strictly investigating and heavily punishing those involved in major, important cases. We must enforce strict discipline, remove interference, and investigate and affix the criminal responsibility of those party and government leaders and law and discipline enforcement personnel who pervert justice for a bribe, resort to fraud for personal gains, deliberately place obstacles and interfere in law enforcement, and shelter or connive with criminal elements. We must mobilize and rely on the masses, boldly report economic crimes and provide clues to vigorously assist judicial departments in gathering evidence and arresting and punishing criminal elements. We must ensure there are sufficient funds for handling cases, and we must provide necessary material conditions for investigating and trying major, important cases.

Zhang Siqing; Tao Siju, minister of public security; and Gao Changli, vice president of the Supreme People's Court, also spoke at the teleconference.

Commentator Urges Application of Deng's Theory

HK0606114894 Beijing RENMIN RIBAO in Chinese 2 Jun 94 p 1

[Commentator's article: "Studying Persistently and Profoundly and Applying What Has Been Studied To Practice—On Further Studying Volume 3 of the Selected Works of Deng Xiaoping"]

[Text] The fourth theoretical study course on Volume 3 of the *Selected Works of Deng Xiaoping* sponsored by the party Central Committee for principal leading cadres at the provincial and ministerial levels has ended. So far, all incumbent principal leading cadres at the provincial and ministerial levels throughout the country have attended

the study course once. Study classes and training courses on Volume III of the *Selected Works of Deng Xiaoping* are being held in various parts of the country as scheduled. Taken as a whole, the situation in previous studies was good and the achievements gratifying. Leading cadres at all levels, particularly those at the county sectional level or above, should continue to exert themselves and seize the opportunity to persistently and profoundly study Volume 3 of the *Selected Works of Deng Xiaoping* and apply what has been studied to practice in order to raise this study to a new level along with the improvement of the entire party's ideology and theory.

"Persistently" means that we must persist in studying Comrade Deng Xiaoping's works for a long period. Leading cadres should not think that they can relax because they have attended the study course, have read Comrade Deng Xiaoping's works once, twice, or three times, and have understood the main contents. Comrade Deng Xiaoping's works are simple and easy to read and most leading cadres can understand them, but it is not easy to master their basic principles or apply them. This requires persistent efforts. Of course, unlike the "study course," they cannot spend too much time on their studies because they are busy with daily affairs, therefore, they should be good at fitting in time for their studies. It is necessary to work out a feasible plan to combine concentrated study with daily study, and collective study with individual study. All leading cadres, particularly high-level cadres, should put the *Selected Works of Deng Xiaoping* on their desks and regard his works as "mottoes." Whenever they come across problems, they should read his works. If they persist in doing this and form such habits, they will benefit a lot from it.

"Profoundly" means that we should not stop after getting a little knowledge but should continue to make arduous and profound efforts to master the essence and scientific system of Comrade Xiaoping's theory on building socialism with Chinese characteristics. It is necessary, through a period of study, to understand the main contents of the theory of building socialism with Chinese characteristics, the questions expounded by Comrade Xiaoping in different periods, his views on certain questions, his remarks in different periods, and so on. But this is only the "way" to the "hall and room," and we should move forward along this "way" and try to thoroughly understand the two major issues of contemporary China and contemporary China's Marxism by taking all problems in reform and development into account. The process of profoundly studying Comrade Xiaoping's theory is a process of his theory permeating our minds and a process of using the essence and scientific system of his theory to arm our minds. Thus, while repeatedly studying the *Selected Works of Deng Xiaoping*, we are required to use his works as standards to measure ourselves and as guidance to sum up our work. In this way, we will improve our understanding, have a good idea of the overall situation, uphold what is correct, overcome what is wrong, rectify what is one-sided, and really arrive at profundity.

Applying what has been studied is the fundamental aim of persistent and profound study and is also a basic method of studying theory. Comrade Mao Zedong said long ago: "It is necessary to master Marxist theory and apply it; the sole purpose of mastering it is to apply it." Deng Xiaoping's theory on building socialism with Chinese characteristics is contemporary China's Marxism. The sole purpose of mastering this theory is to use it to analyze and resolve major problems in China's reform, opening up, and socialist modernization. In applying what has been learned, we must make earnest efforts. In the course of establishing the socialist market economic structure this year, a number of major reform measures have been introduced. The current reform is like "storming heavily fortified positions," during which many new problems and new situations must be properly understood and resolved. We may say that practice is urgently calling theory for help; thus, there is a vast field for theory to be applied to. Now, the most important thing is to make contributions to serving the major aspects of the situation. The major aspect of the party's and country's work for this year is to seize the opportunity to deepen reform, expand the scope of opening up, promote development, and maintain stability. The key issue is to properly handle the relationship between reform, development, and stability. This basic principle of the party Central Committee is the result of using Comrade Xiaoping's theory to comprehensively analyze and correctly judge the present international and domestic situation and is the outcome of combining theory with practice. Leading cadres at all levels should use Comrade Xiaoping's theory as guidance in deepening their understanding of the overall situation and enhancing their consciousness and determination to implement the "20-character principle." In localities, departments, and units under their leadership, they should creatively proceed with their work and make practical contributions to promoting reform, development, and stability.

Persistently paying attention to leading cadres' theoretical studies is a "key project" of "arming cadres with a scientific theory" and is also the key to making a success of the entire party's studies. Party committees at all levels should conscientiously sum up their previous experience and do a better job of this major issue of fundamental and long-term significance.

Column on Beijing's Efforts To Recentralize

HK0606134494 Hong Kong HSIN PAO in Chinese 3 Jun 94 p 27

[“Beijing Political Situation” column by Jen Hui-wen (0117 1979 2429): “CPC Calls For Recovery of Power From Local Authorities in Eight-Point Instruction”]

[Text] From 13 to 22 May, Zhu Rongji, member of the Standing Committee of the Political Bureau of the CPC Central Committee and vice premier of the State Council, called an economic work conference for the seven provinces of Hubei, Hunan, Anhui, Jiangxi, Hebei, Shandong, Henan in Wuhan and Zhengzhou. At

the conference, he repeatedly stressed that the key to stabilizing the situation as a whole is to place the focal point of economic work on improving agricultural production and state-owned enterprises. This shows that the senior CPC leadership already has a new consensus on the questions of stabilizing the political situation and economic reform. Moreover, it also reflects that two serious problems still exist in mainland China's economic restructuring today, namely the problems of agriculture and state-owned enterprises. Beijing's economists maintain that if these two big problems are not resolved properly, it will be impossible for China to succeed in reform.

CPC Worries That Problems in Industry and Agriculture Will Throw Situation as a Whole Into Confusion

According to informed sources in Beijing, the seven-province conference called by Zhu Rongji was not just an economic work conference, but also a "briefing" for members of the standing committees of the provinces' party committees and governments. The "briefing" proceeded in keeping with a decision on work recently adopted by the Political Bureau of the CPC Central Committee. The decision on work instructed leading cadres at all levels to "go down to the grass roots, learn about the reality, give briefings, find out about their problems, and attempt to get work done [zou xia qu, zhang shi qing, da zhao hu, bai wen ti, cu luo shi 6382 0007 0637 2222 1395 1906 2092 2156 0729 2369 0795 7344 0191 5507 1395]." This 15-character instruction evolved from a demand set not long ago by General Secretary Jiang Zemin on leading cadres. Jiang Zemin had said: "Go down to the grass roots, conduct investigations, hold informal meetings, find out about problems, and attempt to get work done." Later, Zhu Rongji suggested changing the words "conduct investigations" to "learn about the reality." Deng Xiaoping saw this wording at an internal CPC briefing and felt it was okay. He also suggested changing the words "hold informal meetings" to "give briefings."

Informed sources said that, at the conference, Zhu Rongji specifically emphasized the significance of attaching great importance to agriculture and state-owned enterprises. He said: "The central authorities have always contemplated the question of how to further improve agriculture. What the central authorities worry about is that if great problems occur in the next crucial decade, they will be agricultural problems. Moreover, the problem of state-owned enterprise reform must not be approached improperly. It is necessary to safeguard the immediate interests of more than 120 million staff and workers, otherwise, workers will take to the streets, peasants will enter the cities, and the situation as a whole will be thrown into confusion. It will be self-induced confusion."

Beijing's economists pointed out that regarding the problem of agriculture, Deng Xiaoping had already given warnings as early as early 1991 and early 1993. He

said: "China's agricultural foundation is still rather weak. If problems ever occur in China's economy in the 1990's, they will probably be problems in agriculture." Unfortunately, his words have been fulfilled. Although the Eighth Plenary Session of the 13th CPC Central Committee in November 1991 adopted a special decision regarding the issue of agriculture in November 1991, the decision has not been thoroughly implemented, with the result that the peasants' situation is worsening daily, the gap between the cities and the countryside is widening, and peasants' dissatisfaction is growing daily. As for state-owned enterprises, which consistently derive funds from bank loans, shoulder a heavy historical burden, and find it difficult to transform their management mechanism, "those that should be closed down have not been closed down and those that should survive do not operate well." Their profits are decreasing, losses are increasing drastically, and economic returns are sliding, and the problem of unemployment is worsening daily. In view of this, it is not unlikely that self-induced confusion could occur.

The sources said: In addition to being obliged to review policy, the major reason for the increasingly serious problems in agriculture and state-owned enterprises is that the local authorities do not feel obliged to listen to the central authorities. At the briefing, Zhu Rongji said: "At present, resistance to the principles, policies, and measures of the central authorities is not weak, which makes it very difficult to implement them. Some party and government chiefs do not feel obliged to listen to the central authorities. They doubt whether the central authorities' decisions are right or whether or not they suit the conditions in their own localities. This phenomenon has caused a chain reaction among the leading groups in some localities. If we do not correct this immediately, it will not only weaken the central authorities' authority but will also affect our work as a whole."

A Beijing political figure pointed out that the main leaders of the local authorities have not been obliged to listen to the central authorities for a long time. In a speech to the Third Plenary Session of the Central Discipline Inspection Commission in February, Jiang Zemin gave this warning, saying: "Some high-ranking cadres do not maintain unity with the central authorities in terms of the political line. We are clear about this. They should not think we do not know about it." But a warning is a warning. The phenomenon where they do not feel obliged to the central authorities has not changed but is tending to spread. Therefore, it was Zhu Rongji's turn to criticize this time. This may have been a declaration about the possible dismissal or transfer of local leading cadres who do not feel obliged to listen to the central authorities. During a working tour of Heilongjiang in mid-April, Zhu Rongji dismissed Sun Weiben as secretary of the Heilongjiang party committee.

This political figure said: Now, due to their local interests and their own face, some local party and government chiefs often disregard central policies and shield cadres

who do not feel obliged to listen to the central authorities. If the central authorities do not dare to deal with the shielders, regionalism will inevitably expand. But dismissing and transferring cadres is not the ideal cure, and this has put the CPC authorities in a dilemma.

Central Authorities Demand Localities Maintain Unity in Eight Areas

The informed sources added: In order to strive to maintain unity between leading comrades in local parties and governments and the central authorities, the central authorities, while dismissing some cadres as a warning, had Zhu Rongji put forward eight criteria (namely the eight-point demands set by the central authorities on the local authorities) for provincial party and government leaders to determine whether they were maintaining unity with the central authorities.

First, they must attach great importance to agriculture as the most important task which has an influence on the situation as a whole and must conscientiously implement various central agricultural policies;

Second, they must not arbitrarily set aside farmland for the purpose of setting up development areas or special economic zones.

Third, they must effectively control inflation and promote social stability.

Fourth, they must limit the scale of infrastructural development and must not arbitrarily pool funds.

Fifth, they are forbidden to use funds or credit to speculate in real estate, futures and so forth.

Sixth, they must not issue shares or debentures, or set up financial exchange markets.

Seventh, they must not arbitrarily sell the assets of state-owned enterprises, still less must they sell them at low prices to benefit enterprise cadres, staff, and workers. Those who have done so must return the same amount;

Eighth, property rights transactions in state-owned enterprises set up by prefectural-level cities or above must be examined and approved by the State Council and carried out according to the relevant regulations. Transactions that have not been filed for approval must be stopped immediately and be resubmitted for approval. Authorities at and below prefectural-level cities must not organize this kind of transaction.

A Beijing economist holds that the central authorities' eight-point demand on local authorities are in fact another kind of administrative means of control or administrative interference. Whether this kind of interference is good or bad for economic development is as yet unknown. However, the economist pointed out that one of the objectives of reform is not to revive the excessive centralization of power of the past in another form but to establish new economic relationships

between the center and localities and between the government and enterprises on the basis of a market economy. Viewing the matter from this angle, neither an excessive centralization of power nor an excessive regionalization of power meets the needs of a market economy. As for the question of how to appropriately distribute central authority and local authority, it depends on whether the distribution is beneficial to the development of the productive forces and the development of the economy. However, if administrative means are used excessively, "economic rectification" will be repeated, and this must be guarded against.

Scholars Vow To Promote Social Change

HK0706052594 Hong Kong SOUTH CHINA MORNING POST in English 7 Jun 94 p 11

[By Willy Wo-lap Lam]

[Text] A group of moderate social scientists has vowed to promote social change in China through organising a series of nonofficial journals and academic functions. Their activities are centred around the Chinese Social Sciences Quarterly, a Hong Kong-based journal that has a large readership in China.

Into its seventh issue, the Quarterly is edited by an elite corps of mainland-based scholars who vow to bring about evolutionary changes by fostering a "nonofficial academic tradition."

"We believe in a people-based academic research as distinguished from one that is officially sponsored," said the Quarterly's chief editor, Deng Zhenglai. "Academic activities should not be tied to any ideology, policy, or slogan." However, he said that since they believed in deep-rooted changes they were taking a gradual approach to solving problems.

The bulk of the 39 members on the journals academic board are nationally well-known scholars many of whom hold senior positions in prestigious research units such as the Chinese Academy of Social Sciences. They include economists Lin Yifu, Fan Gang, and Bai Nansheng, sociologist Wang Funing, and expert on international relations Wang Jisi.

Mr Deng, one of China's first getihu (individual entrepreneur) publishers, has been putting out translations of Western classics since the early 1980s. He is in Hong Kong to promote academic links between the mainland and the territory.

It is understood that out of political sensitivity, the Quarterly is published and printed in Hong Kong. However, Mr Deng said a few thousand copies were distributed free to research institutions, government units, and leading intellectuals in the mainland.

The Quarterly also holds regular seminars in Beijing and Shanghai.

Sources in Beijing said since the Quarterly had steered clear of controversial issues like political reform, it was largely tolerated by the Chinese Communist Party. Such liberal leaders as Politburo member and National People's Congress Vice-Chairman Tian Jiyun have praised the group's research efforts.

In recent issues and conferences, the Quarterly has explored issues including agrarian reform, the role of a civil society, the clash of cultures, and the theory of "neo-authoritarianism".

The group will later this year inaugurate a new journal called China Book Review, which they claim to be the nation's first-ever independent publication in this field.

The group's finances come from sales of the publication in Hong Kong and overseas as well as donations and grants.

Enterprises Closed Down To Reduce Pollution

HK0606135494 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0831 GMT 27 May 94

[Text] Beijing, 27 May (ZHONGGUO TONGXUN SHE)—It is learned from authoritative departments that by the end of 1994, 191 enterprises in Henan, Anhui, Jiangsu, and Shandong, will be closed down or merged with other enterprises, or their production will be stopped or changed, to reduce pollution of the Huai He and to keep the water of the river clean.

Mass media here have disclosed that the water of the Huai He valley is seriously polluted and nearly 50 percent of river sections have become useless; in some areas, polluted water has been used to irrigate land over a long period resulting in a decrease in grain output and the content of pollutants in agricultural produce exceeding safety standards; the output and variety of fish and shrimp have decreased; and disputes over pollution between different localities have become more and more conspicuous. In dry seasons, plants often have to suspend production. The shortage of water resources has become more and more serious and control over the Huai He brooks no delay.

A meeting on enforcing laws to protect the environment of the Huai He valley was held in Bengbu, Anhui, from 24-26 May. Besides laws and regulations on prevention and treatment of pollution to be revised this year, provisions concerning crimes in causing pollution will be added. The formulation of "Regulations on Prevention and Treatment of Pollution in the Huai He Valley" is also being discussed.

Nationalities Commission Strengthens Capabilities

OW0606140694 Beijing XINHUA Domestic Service in Chinese 0510 GMT 6 Jun 94

[By correspondent Chen Leqi (7115 2867 7871)]

[Text] Beijing, 6 Jun (XINHUA)—At a recent meeting with the press, Chen Hong, vice minister in charge of the State Nationalities Affairs Commission [SNAC] said: As a functional department of the State Council in charge of the country's nationalities affairs, the SNAC will adhere to the policy of regarding economic construction as the central task; strengthen its macro-management capabilities; and endeavor to promote equality, unity, mutual assistance, and common prosperity among all nationalities, to preserve the nation's unification and stability.

It has been learned that the State Council recently approved the SNAC's plan on its functional setup, internal structure, and organizational size [the "three settings" plan]. According to the plan, the SNAC will further strengthen its macro-management capabilities; carry through the party Central Committee and the State Council's principles and policies on nationalities work and the state's laws and regulations on nationalities affairs; and step up work on conducting investigation and study, overall coordination, and supervision and inspection, in order to serve as a counselor and assistant to the party Central Committee and State Council on nationalities work.

Chen Hong pointed out: The SNAC's "three settings" plan approved by the State Council will not only strengthen its functions, but also increase its responsibility. This is very helpful in doing good nationalities work in the new period, and it shows the importance the party Central Committee and State Council attach to nationalities work, and the concern they show for it. Under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, the SNAC will serve well as a counselor and assistant to the party Central Committee and State Council, and will apply itself to serving minority nationalities and minority nationalities areas.

Oxfam Warns of Potential Problems for Poor Peasants

HK0706052494 Hong Kong SOUTH CHINA MORNING POST in English 7 Jun 94 p 10

[By Agatha Ngai]

[Text] Oxfam's programme director in Hong Kong has warned that economic prosperity could endanger the livelihood of residents in poorer districts. John Sayer says that Beijing's "blind strategy" of attracting foreign investment could backfire.

Many villagers in the mountainous regions of southwest China, mainly unskilled minority tribal groups living far away from markets, have no advantages to offer in the competition for foreign capital. On the contrary, runaway prices have made it more difficult for the peasants in these destitute areas to escape poverty, he said.

Mr Sayer said Xiao Li, a peasant from Shiyahou village in Yunnan, perfectly illustrated how difficult it was for peasants in these remote areas just to survive—let alone

get rich. Due to poor soil and difficult farming conditions, Mr Li has difficulty in growing enough food to support his family. Every year, he manages to squeeze the equivalent of about \$200 by selling his meagre harvests in the markets.

For up to six months a year, Mr Li has to borrow from his relatives to survive. Mr Li was not lazy, nor did he lack the initiative to earn more money, said Mr Sayer, but peasants seldom got credits from the Chinese banks to purchase even the most basic farming tools needed for their first steps towards a decent living.

"The soil is poor for growing rice, but it allows planting of some rough crops for animals," said Mr Sayer. "They survive just by borrowing food from relatives. But (in return), they lose their self-esteem and become more dependent," he said.

The situation only began to improve for Mr Li after he obtained a 100 yuan (about HK\$89) low-interest loan from Oxfam, said Mr Sayer. "Only when they can sell more than they buy, inflation can help them to gain more money," he said.

The programme director also said he was glad that many villagers had adopted year planning in planting their crops. "Now they know when to raise chickens and pigs so that they can fetch the best market price, say, in the Lunar New Year," he said.

Mr Sayer described China's seven-year poverty eradication programme as "an ambitious plan." But he said Oxfam in Hong Kong "never talks about ending poverty." "In Tokyo, there are still men sleeping on the street. Instead, we aim at reducing poverty," he said.

Mr Sayer said the annual income of households in some villages in Yunnan and Guizhou, where water and electricity supply projects under the charity have taken place, had already increased by 78 per cent from 200 yuan.

"Yunnan will grow faster in the next two decades (because) the border province can construct trade links with Thailand, Burma, and Singapore. But regions where markets are almost nonexistent, such as Sichuan and Guizhou, will take more years to develop," he added.

He said Oxfam would expand its development projects to southern China this year, focusing on health and hygiene problems in the region. "If you're ill, you cannot work," he said.

'Very Serious' Water Shortage Reported in 50 Cities

HK0606134394 Beijing ZHONGGUO XINWEN SHE
in English 1137 GMT 6 Jun 94

[Text] Beijing, June 6 (CNS)—Some 300 cities out of over 570 cities in China are suffering from shortage of

water with 50 in the very serious state of water supply, provoking a severe restraint to the economic development in the country.

This week is the Water-saving week in China. [sentence as published] According to the Ministry of Construction, China's overall volume of water resources ranks sixth in the world while its per capita water resources is only one fourth of the world average. With the rapid economic development in the country, the demand for water will greatly increase and the expansion and saving of such resources has become an urgent task for the country.

At a press conference on water-saving in cities in the country held today, Vice Minister of Construction, Mr. Ye Rutang, pointed out that management over water-saving should be strengthened while the water-container leakage problem first of all needed to be tackled.

The leakage of cisterns in toilets has become a long-standing problem for water-saving which has even aroused concern of General Secretary of the Central Committee of the Communist Party of China, Mr. Jiang Zemin, so that the ministry and the National Construction Materials Bureau have decided that fittings for washing vessels used in toilets would only be allowed to be produced by the ten designated enterprises in some cities including Guangzhou, Beijing and Tangshan. [sentence as published]

In addition, the ministry has greatly encouraged the re-use of processed waste water. China has now seen its annual volume of drainage of waste water up to 30 billion cubic metres with much of it being not re-used.

China has in recent years made some achievements in its water-saving drive with 13.9 billion cubic metres of water being saved in the past ten years, the repeated utilization rate of water for industrial purposes in cities across the country has increased to 60 percent, and the volume of water exhausted in earning RMB [reminbi] 10 000 output value dropped by 60 percent. Some cities including Shanghai, Tianjin and Ningbo, have effectively controlled their urban surface subsidence through tightening management over the use of underground water.

Official on Policy Toward Foreign Experts

HK0706075594 Beijing ZHONGGUO XINWEN SHE
in Chinese 0825 GMT 20 May 94

[By staff reporters Shu Rong (5289 1369) and Wen Xiang (2429 4382): "Introducing Intellectual Resources Is an Important Strategy for Stepping Up China's Economic Development—Interview With Ma Junru, Director of State Bureau of Foreign Experts Affairs"]

[Text] Shanghai, 20 May (ZHONGGUO XINWEN SHE)—"In the course of establishing the socialist market economy, inviting foreign experts to give advice to all trades and industries in China, or sending Chinese managerial personnel abroad to receive training, will

bring great benefit to China's construction and development. Introducing intellectual resources to promote development is China's strategic policy."

Ma Junru, director of the State Bureau of Foreign Experts Affairs, said this in a recent interview with ZHONGGUO XINWEN SHE.

Reportedly, last year, some 50,000 foreign experts were invited to work in China. At the same time, China also dispatched some 30,000 technical and managerial personnel abroad to receive training. Such "two-way personnel exchanges" across the national boundaries produced great effects.

Conceptual Revolution

Last November, on his return from a training course in Germany, a district magistrate in Beijing Municipality discussed with his subordinates the issue of establishing an institution to manage state-owned assets. Thanks to his efforts, the institution was set up quickly and began to function effectively. However, two months before that, the district magistrate did not have any interest in this matter and he put an 'X' on the report submitted by his subordinates on the establishment of the state assets management institution.

The district magistrate and tens of thousands of decisionmaking officials in China are gradually becoming experts from laymen in the rising tide of the market economy, gradually becoming enthusiastic advocates and performers instead of onlookers. The conceptual revolution, which is going on quietly, has greatly benefited from the enhanced insight of the decisionmaking managers and administrators who received training abroad in recent years.

Ma Junru told this story with deep feelings. The State Bureau of Foreign Experts Affairs, which also takes charge of these affairs, has boldly advanced the work of dispatching managerial personnel abroad to receive training in recent years.

According to the traditional practice, only factory directors and business company managers can be sent abroad to receive training and policymaking officials at the higher levels would have no such opportunities. If they could make any foreign inspection tours, they would just be able to scratch the surface rather than learn something profound. Beginning in 1992, the convention in this field was broken and policymaking administrators could also step out of the country in the capacity of students to study the advanced management skills in foreign countries.

Ma Junru said: Policymaking cadres and senior managerial personnel are urgently required to have a good knowledge of the market economy. In the practice of building the socialist market economy, China should not do everything from the very beginning; instead, it should take over the existing successful and advanced methods and skills developed by other people. Thus, China can

avoid undergoing many twists and turns, can lower the costs, and can quicken the pace of reform.

Last year, when more and more people had a strong interest in futures, the State Economic and Trade Commission organized a number of responsible officials to take a training course about futures at Illinois University in the United States and practiced in Chicago's large futures market. As a result, the trainees acquired a much deeper understanding of the U.S. futures market and also had some new ideas about China's futures market. Then, they submitted a report about the development of the futures market to the central authorities and the report aroused the close attention of the central leaders.

Considerable Results

Ma Junru, 59, was engaged in microelectronics research for a long time. In the past he has been successively director of the Basic Research and High Technology Department of the State Science and Technology Commission and responsible person of the Technological Section of the Chinese Academy of Sciences. He took up his current post in August 1991. His work experience brought about a rigorous work style. In order to explain the urgency of introducing intellectual resources in China, he cited a string of figures and used "eating a meal" as a figure of speech.

Several years ago, the State Bureau of Foreign Experts Affairs invited Japanese rice expert Masaichi Hara to spread the advanced rice cultivation techniques in China. As a result, good harvests of rice were reaped in large areas of northeast China. The advanced techniques were then further spread to Hebei, Xinjiang, and Gansu. Director Ma said: "We have 480 million mu of paddy fields. If the advanced techniques are adopted for all these fields, great results will be achieved."

Therefore, the old Japanese expert was given a letter of commendation signed by Premier Li Peng. When visiting China, the Japanese Emperor also received him at the Diaoyutai National Guest House.

In the field of manufacturing industry, Shanghai's Dazhong-Santana succeeded in producing the cars wholly in China by adopting imported technology; Beijing Piano Plant recovered from the recession and sold its highly popular products at home and abroad; Shenyang Beer also won an award by freeing itself from its predicament; and Changsha Air Blowers succeeded in exporting its products to overseas markets. All such successes were inseparable from the wisdom and hard work of foreign experts.

Long-Term Strategy

"Taking in and sending out" is not China's creation, still less is it a stop-gap measure only for the time being, said Ma Junru. In the world, such countries and regions as Japan, Singapore, the ROK, and even China's Taiwan and Hong Kong have all adopted similar measures. This played a great role in the economic take-off and recovery

of these countries and regions. In general, they gained greater benefits than the developed countries did.

As for the import and export of intellectual resources, some less developed Third World countries are often "exporters." For example, some 100,000 university graduates and well-educated professionals from China are now working in the United States; but only several thousand American experts come and work in China every year. Therefore, China has to make unremitting efforts over a long time in order to import intellectual resources.

According to Director Ma, at present, the foreign experts invited by China are mainly engaged in educational and technical work, or are working with some large projects and foreign-funded enterprises. They are making greater contributions to China's reform, opening, and economic development. The authorities concerned are considering the plan for introducing intellectual resources on a larger scale during the Ninth Five-Year Plan so that the work in this aspect will better serve the adoption of the state's major reform measures, the transformation of management mechanisms in large and medium-sized enterprises, the decisions on launching major projects, and the improvement of the management of township and town enterprises.

Science & Technology

Li Peng's Address to Engineering Academy

OW0406161494 Beijing XINHUA Domestic Service in Chinese 0730 GMT 3 Jun 94

[Speech by Premier Li Peng at the inauguration of the Chinese Academy of Engineering and the opening of the seventh academicians' conference of the Chinese Academy of Sciences on 3 June 1994]

[Text] Beijing, 3 Jun (XINHUA)—Academics and comrades:

On behalf of the Party Central Committee and the State Council, I hereby extend my warm congratulations on the inauguration of the Chinese Academy of Engineering [CAE] and the opening of the seventh academicians' conference of the Chinese Academy of Sciences [CAS]. I would like to take this opportunity to give my cordial regards and highest respects to all the academics of the two academies and all other scientists and technicians across the country who have made outstanding contributions to China's scientific and technological undertakings.

The founding of the CAE is a major event in the engineering communities and is of great significance for China's socialist modernization drive. Engineering technology is the crystallization of the people's efforts to apply scientific theories in transforming and protecting nature. It plays an indispensable, important role during the course of turning scientific and technological

achievements into practical productive forces. At present, engineering technology is progressing vigorously at an unprecedentedly high speed, showing its great might in promoting economic and social development. Since the founding of New China, the vast number of Chinese engineers and technicians, displaying a spirit of patriotism and hard struggle and striving to raise the level of engineering technology and enhance their designing and engineering ability, have built a large number of important projects and infrastructure and made outstanding contributions to economic construction and national defense. During the course of practical construction, China has created unique engineering features and strength in certain fields, and trained a large number of engineers and technicians. The founding of the CAE, with outstanding experts in the engineering communities as its mainstay, will have an important impact on affirming the contributions of engineers and technicians, improving their social status, arousing their enthusiasm, giving play to their overall strength, and stepping up the country's development of engineering technology. The CAE is a most honorable, consultative academic organ in China's engineering communities. I hope the CAE will work according to rules and regulations, and give advice and suggestions at the government's request on the state's major engineering projects and programs, and on research and studies on the development of major engineering technology; and that it will make active contributions to uniting and leading engineers and technicians across the country in implementing the government's policies and principles on the work of science and technology, and to academic exchanges and cooperation at home and abroad.

The CAS Scientific Council, the highest science and technology advisory organ of the state founded in 1955, has played an important role in formulating and implementing the major scientific and technological policies and plans of the state. To further facilitate international exchanges and embody the authoritative and honorary status of the CAS Scientific Council, the State Council has decided to rename the Scientific Council members academics, while the academics' system will also be carried out in the CAE. This is an important measure which conforms to the practice of the scientific and technological communities of the world, as well as the strong and general aspirations of the scientific and technological communities at home. This is the first academicians' conference of the CAS. However, we call it the seventh academicians' conference because it is the continuation of those conferences of the Scientific Council. During the current conference, the first batch of foreign academics of the CAS will be selected, and they will yield a positive impact on opening China's scientific and technological field wider to the outside world, expanding international scientific and technological exchanges and cooperation, and promoting China's scientific and technological undertakings.

During the course of socialist modernization, we should always adhere to Comrade Deng Xiaoping's guiding

concept that "science and technology is the primary productive force" and uphold the principle that "economic construction must rely on science and technology, and science and technology must meet the needs of economic construction." We should strive to ensure three rational things—meeting the major needs of economic construction, developing the high-technological industries, and stepping up basic research. Since the start of reform and opening up, China's scientists and technicians have made remarkable achievements in tackling important scientific and technological problems, utilizing and popularizing the use of scientific and technological achievements, promoting scientific and technological progress in enterprises and rural areas, conducting high-technological research, stepping up basic research, and building key construction projects. Remarkable progress has been made in implementing the state science fund system and the patent system, in building high-technological industrial parks, in carrying out "Program 863," "the Spark Program," and the plans for advancing agriculture and for helping the poor regions through the application of science and technology, and in commercialization and industrialization of scientific research results and new technologies. Reform of the management system for science and technology is being deepened to keep pace with reform of the economic structure. Reform of the management system for science and technology is for the purpose for establishing a new system that suits the development of a socialist market economy, accords with the law of science and technology, and builds a close tie between science and technology and the economy; and for the purpose of promoting scientific and technological progress, scaling scientific and technological heights, and achieving a comprehensive and coordinated development of economy, science and technology, and the society.

At present, the trial of overall national strength based on economy and science and technology among countries is becoming more and more intense day by day. China's scientists and technicians are a very important force, enabling our country to achieve modernization and meet the challenge of international competition. The CAE and CAS, as the two top academic bodies of China's scientific and technological communities, should work hand in hand in close coordination to make greater contributions to the country's modernization drive. The academicians of the CAS and the CAE, as the distinguished representatives and the backbone of China's science and engineering communities shouldering a heavy responsibility, should unite and cooperate with one another, lead the scientists and technicians across the country in working hard with a will to make the country strong, forge ahead, strive to scale scientific and technological heights and surpass the advanced level of the world, and contribute wisdom and talents to building China into a great, powerful socialist country. Scientists and engineers are a precious wealth of our country. I hope that the party and government leaders at all levels will take good care of our scientists and engineers in terms of

political treatment and working and living conditions, show concern for their work and their livelihood, and create the conditions for them to play an even better role.

I wish the conference complete success!

Report on Communiqué on Environmental Conditions

OW0406210994 Beijing XINHUA Domestic Service in Chinese 0751 GMT 3 Jun 94

[By reporter Yu Changhong (0060 7022 3163)]

[Text] Beijing, 3 Jun (XINHUA)—What were China's environmental conditions like last year? The "Communiqué on China's Environmental Conditions" issued by the State Environmental Protection Bureau today says: Under the circumstances of a fairly rapid economic development in 1993, environmental conditions were relatively more stable. Environmental pollution and damage to the eco-environment were still continuing. A small number of areas were seriously polluted, whereas pollution in some areas was brought under control. The eco-environment was turning for the better.

According to the regulations of the "Environmental Protection Law of the People's Republic of China," the State Environmental Protection Bureau will issue a "communiqué on China's environmental conditions" for the previous year on the eve of 5 June—World Environment Day—every year after 1990. Since the United Nations convened the Congress on Environment and Development, the Chinese Government has paid much more attention to coordinated development of the environment and the economy, adopted the strategies for sustained development, and put forward a series of countermeasures and measures on environment and development. Environmental conditions around the country are stable as a whole.

The communiqué issued today notes: Air pollution caused by smoke from burning coal is still very serious in cities—it is more serious in winter and spring than in summer and fall, in north China than in south China, and in medium and big cities than in small towns. The discharge of sulfur dioxide and industrial dust has increased to some extent, and acid rain has been found in more cities than in the previous year.

In 1993, water pollution found in rivers around the country was a kind of organic pollution. Water quality in mainstreams was better than in tributaries, and rivers passing through cities were more seriously polluted. Over exploitation of underground water was rampant in cities, and the deterioration of the eco-environment of the fishing industry had not been brought under effective control yet. The degradation, desertification, and salinization of grasslands continued, and the volume of mature forest trees which could be logged was shrinking.

Concerning the work of environmental protection in 1993, local people's governments at all levels and various

departments under the State Council have intensified their work and extensively launched inspections of the enforcement of the environmental protection law under the guidance of the CPC Central Committee and the State Council and have made achievements in preventing and controlling industrial pollution. The amount of smoke and dust released into the air in cities remained the same as in 1992. The water quality in mainstreams of big rivers, inland rivers, large-sized reservoirs, underground water in cities, and most offshore waters remained fine. Municipal and public facilities were further improved; progress was made in declaring and registering discharged pollutants; control over dumping at sea was further strengthened.

In 1993, people around the country have further enhanced their environmental concepts, and environmental campaigns with the participation of the public were larger and more diversified than in the past. Environmental education was more popularized.

The 1993 "Communiqué on China's Environmental Conditions" is jointly compiled and completed by the Ministry of Agriculture, Ministry of Forestry, Ministry of Water Resources, Ministry of Geology and Mineral Resources, Ministry of Construction, Ministry of Public Health, State Statistical Bureau, State Meteorological Administration, State Oceanography Bureau, State Land Administration Bureau, and State Environmental Protection Bureau.

Military

Former Fujian Military Leader Zhou Wenzai Dies
OW0306181594 Beijing XINHUA Domestic Service in Chinese 0430 GMT 3 Jun 94

[Excerpt] Nanjing, 3 Jun (XINHUA)—Comrade Zhou Wenzai [0719 2429 0961], former deputy political commissar of the Fujian Military District, died of illness in Jiangsu's Suzhou City on 10 April at the age of 89. [passage omitted]

Military Paper on Role of Military Service Law
HK0606121394 Beijing JIEFANGJUN BAO in Chinese 31 May 94 p 1

[Editorial: "Continuously Enhance Sense of National Defense, Solidly Foster Idea of Duty—Marking 10th Anniversary of Promulgation of 'PRC Military Service Law' in Force"]

[Text] The 10th anniversary of the promulgation of the "Military Service Law of the People's Republic of China" falls on 31 May this year. Practice over the past 10 years proves that this "Military Service Law" has made important contributions to enhancing the whole nation's awareness of national defense, strengthening the modernization of national defense and the Army, safeguarding state security and social stability, and enabling socialist modernization to proceed smoothly. It is in line

with our national conditions, the conditions of the Army, and the general circumstances at home and abroad.

The enforcement of the "Military Service Law" as a basic law governing the modernization of national defense has always been and will always be closely bound up with Army building and the building of reserve defense forces. The fact that, over the past 10 years, the building of national defense and the Army has consistently enjoyed a fine atmosphere and care and support from the whole society is a result of the conscientious implementation of the "Military Service Law" by party and government organs at all levels, organizations, enterprises and institutions, and all circles of society. The nationwide enlistment drive has long stayed at high tide and batch after batch of outstanding young people reaching enlistment age vie with each other to join the Army and loyally execute their honorable obligation to defend their motherland. The personnel of our Army have always been young and strong, the services have been able to keep a large number of mainstay technical personnel, efforts have been made to align the building of militia and reserve services with the requirements of people's warfare under modern circumstances, the mobilization capacity of reserve forces has continuously expanded, proper arrangements have been made for large numbers of armymen transferred to civilian work and ex-servicemen who play a positive role in economic construction, and military training work for the broad ranks of students in institutions of higher learning and senior middle schools has moved ahead vigorously. All of these have benefited from the implementation of the "Military Service Law." It is also a result of the mobilization and education provided by the "Military Service Law" that the building of militia and reserve services has strengthened in an all-round way and has played an important role in safeguarding social stability and promoting the building of the two civilizations. In short, the positive influence of the enforcement of the "Military Service Law" on the building of the Army and reserve forces as well as the building of the entire country is multifaceted and of profound and far-reaching significance.

There is an important experience in the 10-year enforcement of the "Military Service Law" that deserves to be carried forward: Making a good job of the implementation of the "Military Service Law" under the new circumstances not only depends on the standardizing function of the "Military Service Law" itself, but in the meantime cannot go without propaganda and education on the strategic significance of implementing the "Military Service Law" and all relevant stipulations. The officers and men of our Army and the broad ranks of personnel in the militia and reserve services should continuously enhance their consciousness of national defense and firmly establish awareness of their obligation to enlist in the army through in-depth study of the "Military Service Law."

Making a good job of education in national defense and enhancing the sense of national defense is an issue which the CPC Central Committee, the State Council, and the Central Military Commission have time and again emphasized since the beginning of reform and opening up, especially since the 14th party congress. This is because it is an ideological foundation for strengthening the building of national defense and the Army and guaranteeing the implementation of the "Military Service Law." This point is ever more important in a peaceful environment. If a country or nation lacks a strong sense of national defense, it is bound to plunge into no end of crises and may even suffer national humiliation and forfeiture of sovereignty. If an army or an armed force has a weak sense of national defense, even if it is well equipped, it will not have a strong fighting will or high combat effectiveness and will not be able to win a war. Making a good job of education in national defense and enhancing the sense of national defense is not only an important aspect, but a primary precondition in the implementation of the "Military Service Law." Education will help each armyman on active service, militiaman, and member of the reserve service to foster patriotism and revolutionary heroism to a greater extent in themselves and conscientiously make their due contributions by discharging their sacred responsibility to protect state security and safeguard social stability and by providing a powerful security safeguard for the deepening of reform and economic development.

Compulsory military service is the main body of the military service system and is the basic military service system of our country. Firmly establishing an awareness in people's minds of the importance of performing military service and of executing their duties according to the law is the most fundamental prerequisite for enforcing the "Military Service Law." In the context of the development of a socialist market economy, it is of especially important significance to emphasize this issue. Only by being firmly duty-minded can one correctly understand and treat the adjustments to various interest patterns and interest relations caused by social changes, consistently put the country's security and state interests above everything else, and regard performing military service and executing one's duty according to the law as the most honorable sacred responsibility. Only with this can we effectively resist the influence of money worship and various erroneous ideologies and selflessly dedicate our youth and blood to the glorious positions of army building and protecting our motherland. Only with this can the broad ranks of militiamen and reserve service personnel seek prosperity while being vigilant against possible dangers, take an active part in military training, conscientiously perform various duties in preparation for war, truly become capable assistants to the People's Liberation Army and a strong reserve force, and give better play to their role as a mainstay force in promoting and protecting socialist modernization.

Since the "Military Service Law" was promulgated 10 years ago, local governments at all levels and the general

public have done a great deal of fruitful work to strengthen the modernization of national defense and have created many favorable conditions for army building and the building of reserve defense forces for which we would like to express our deepest respect and gratitude. We are determined to do a better job in studying, propagating, and implementing the "Military Service Law" under the leadership of the CPC Central Committee and the Central Military Commission with Comrade Jiang Zemin as the core, and, together with the people of all nationalities in the country and under the guidance of Deng Xiaoping's theory of building socialism with Chinese characteristics, continue to make new contributions to speeding up the modernization of national defense.

Economic & Agricultural

Zou Jiahua Stresses Importance of Curbing Inflation

*HK0606135094 Beijing ZHONGGUO XINWEN SHE
in Chinese 0307 GMT 3 Jun 94*

[By reporter Geng Jun (5105 6511)]

[Text] Beijing, 3 Jun (ZHONGGUO XINWEN SHE)—State Council Vice Premier Zou Jiahua stressed at a national work meeting on large-scale commodity price inspections, which ended yesterday, that curbing inflation and bringing price rises under control is a policy which the government must uphold for a long time to come and involves the current overall situation of the country.

Zou Jiahua said: Stable commodity prices are an important condition of economic and social stability. Although the trend of rising prices has tended to slow down recently, curbing inflation, keeping the market stable, and holding down commodity prices is still a key link in properly handling the relationship between reform, development, and stability.

When talking about how to handle the relationship between deepening price reform and strengthening price administration, Zou Jiahua said: The question is how to comprehend price reform. Some people say that to reform prices is precisely to lift restrictions on prices, and once restrictions are lifted, the task of reform is fulfilled, the government need not regulate prices, and producers and traders can set prices at will. This is a misunderstanding of price reform. Price reform has a clear definition and demands. In brief, it is precisely to transform the mechanism of price formation and establish a price mechanism with market prices at the core, straighten out the price system and establish price relations which can distribute resources in a rational manner, and reform the traditional system of price administration and establish and perfect a system of price regulation with indirect governmental administration at the core. All these are interrelated and complement each other. They constitute the overall objective of

price reform and are also the main contents of price reform. In order to realize this objective, we must uphold the policy of integrating "regulation, lifting restrictions, and control" into a single whole. We must maintain price controls while regulating prices and lifting restrictions on prices in such a way that lifting restrictions will not bring about chaos and price control will not be too rigid. In regulating prices and lifting restrictions on prices, we must also take different reform measures according to different commodities and the nature of different services and conditions. Even if the task of price reform is fulfilled, the state must still administer, in different forms, prices of monopolistic and welfare-oriented commodities and services rather than let things slide. In reality, this is also the case in many developed countries who pursue a market economy.

In order to implement the massive inspection of commodity prices in a more profound way, members of the State Council Commodity Price Inspection Working Group will again go separately to various provinces (autonomous regions and municipalities) in the middle of June to supervise and direct work and to bring the plans set out at this meeting into effect.

Ren Jianxin Vows Crackdown on Economic Crimes

OW0606152394 Beijing XINHUA in English 1422 GMT 6 Jun 94

[Text] Beijing, June 6 (XINHUA)—Ren Jianxin, a top Chinese judge, pledged today that China would severely crack down on embezzlers, bribe-taking officials, swindlers, smugglers and other serious economic offenders.

Addressing a national telephonic conference, Ren, president of the Supreme People's Court, said that spreading of corruption had been brought under control as a result of the anti-graft campaign nationwide.

During the first four months of 1994, procuratorates throughout China investigated 19,000 economic offence cases, including 12,000 cases of embezzlement and bribery, according to participants in the conference, held by the Central Political Science and Law Committee of the Chinese Communist Party.

During the first quarter of this year, courts at various levels tried 9,836 economic offence cases, including 2,591 cases involving at least 10,000 yuan each.

During that period, the courts sentenced 7,130 accused to various prison terms for economic offences, and 102 of them were sentenced either to death or life imprisonment.

The 7,130 accused included one vice-minister, nine at prefectural commissioner's level and 35 at county magistrate's level.

Ren Jianxin, who is also secretary of the Central Political Science and Law Committee, said that in the second half of 1994, law-enforcement departments must speed up

investigations of major economic offences, with emphasis on embezzlers, bribe-taking officials, swindlers in the financial sector and smuggling.

"Leading departments of the party and government, judicial departments, law-enforcement administrative departments and economic administrative departments are the main targets," he told the conference.

He also said that when there were new major economic offence cases, especially ones involving leading officials, they would be made public.

State Enterprises Seek Listings on U.S. Exchanges

HK0706001094 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1238 GMT 19 May 94

[“Special article” by Zhong Min (6988 2404): “A Second Batch of Mainland Enterprises To Be Listed in the United States”]

[Text] Recently, the Beijing authorities named a second batch of 22 state-owned enterprises which have been given permission to seek listings abroad. While most of them will be listed in Hong Kong, five are heading toward the United States. The following enterprises are expected to go to the U.S. stock market one after another beginning in June: China Eastern Airlines, China Southern Airlines, Huaneng Electrical, Shandong Electric Power, and Tianjin Steel Tubes. They will make up the second batch of “mountain-climbing tigers on the U.S. stock market,” following in the footsteps of Brilliance Automobile, Yichu Motorcycles, China Tire, and Shanghai Petrochemical, which were listed in the United States beginning in October 1992.

The term “mountain-climbing tigers on the U.S. stock market” was invented by some Wall Street stock brokers in New York, as mainland enterprises showed such a strong rising momentum soon after entering the United States. For instance, on the very day Shenyang Brilliance Automobile's shares pioneered on the New York stock market, investors vied with each other and bought 5 million shares at the unit price of \$16. By the time trading officially opened, the share price had gone up to \$18, and, three weeks later, reached a high of \$34. Another example was when China Tire landed on Wall Street, and it sold 6.1 million shares at a unit price of \$17. A few days later, the price rose to \$18.75, after which it fluctuated before going up to \$27 last December, ranking among the 20 most active stocks in Wall Street. Also, Shanghai Petrochemical initially issued 18 million shares at a price of \$20.39, and, after some small drops and big rebounds, reached a record high of \$49.2 per share toward the end of last year and became one of Wall Street's hottest stocks.

The strong recommendations given by several famous investment companies in the United States contributed to the popularity of mainland enterprises on the U.S. stock market. Before and after mainland shares were

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listed, 30 fund managers, led by Morgan Stanley, visited mainland China. On their return, most expressed optimism about the mainland's economic prospects. A senior executive of Wall Street's Peiji [1014 1015] Securities said: "From a long-term point of view, China's stocks have good prospects, because financiers and entrepreneurs in the United States and around the world are mostly optimistic about the Pacific rim economic zone with China at its center." Therefore, Morgan Stanley, Merrill Lynch [5019 2651], and Maibonshish [5019 6721 2514 0823] all undertook to sell mainland stocks.

The second batch of five mainland enterprises are being listed in the United States with a view to raising over \$3 billion. Eastern Airlines plans to raise \$1 billion to expand its fleet and obtain other supporting equipment and, at the same time, is taking advantage of this opportunity to draw on the management experience of international aviation companies.

In order to standardize the listing of mainland enterprises in the United States, the mainland's securities authority and the U.S. Securities and Exchange Commission signed a memorandum on joint monitoring in Beijing in late April this year, laying the foundation for bilateral cooperation in the securities industry.

It is reported that around the time this Sino-U.S. memorandum was signed, Britain's London Stock Exchange told Chinese diplomats: "We look forward to assisting Chinese enterprises in overseas listing." Exchanges in Japan and Singapore also expressed a wish to have Chinese enterprises listed on their markets.

At a "Fund-Raising by Chinese and Hong Kong Enterprises in the United States" seminar held in Hong Kong in mid May, Liu Hongru, chairman of the China Securities Supervision and Regulatory Commission, said: The U.S. market is the biggest international capital market and has the largest transaction volume and highest mobility of all the stock markets worldwide. It is under strict supervision and management and its well-developed laws and regulations and full protection for investors give it appeal to many investors. Therefore, we have made an initial decision that five of the 22 Chinese enterprises in the second batch to be listed overseas will go directly to the United States to issue shares and seek listings on a trial basis. This is not only an expansion of the financial market open to Chinese enterprises, but is also a further development of economic reform in greater depth.

Liu Hongru also said: The success of Chinese enterprises issuing H shares in Hong Kong has not only opened up a new channel for fund-raising, but, more importantly, has indicated that Chinese enterprises are able to strictly abide by the laws, regulations, accounting systems, disclosures, and other requirements of international markets and meet standards set by international markets on share issues and enterprise listings. Entering the large

and strictly controlled U.S. capital market will help improve the reputation of Chinese enterprises in international markets.

Copyright Protection System Makes Rapid Development

OW0606142194 Beijing XINHUA Domestic Service in Chinese 0800 GMT 6 Jun 94

[By reporters Qu Zhihong (2575 1807 4767) and Guo Xiaolan (6753 1420 5695)]

[Text] Beijing, 6 Jun (XINHUA)—Despite being a late beginner, China is making rapid progress in developing copyright protection undertakings. Within three years, China has not only set up a fairly complete copyright protection system in the country, but also has taken a giant step into the big international family of copyrights and achieved the link-up of domestic copyright protection system with international ones. A young and modernized copyright protection system has basically been set up in China.

As the spring tide of reform and opening up rose, China began building its copyright protection system from naught. In 1979, the drafting of the "PRC Copyright Law" began and over repeated discussions and revisions, New China's first "Copyright Law" was adopted at the 15th Session of the Standing Committee of the Seventh National People's Congress [NPC] in 1990, and officially took effect in June 1991. Meanwhile, the "Regulations for the Implementation of the PRC Copyright Law" and the "Regulations on Computer Software Protection" were promulgated one after another; China's copyright protection legislation had taken shape.

This significant progress in the field of intellectual property right protection aroused enthusiastic responses from various social circles, and the Chinese intelligentsia were particularly elated.

In fact, as a world-acknowledged high-level "Copyright Law," the law has not only reaped the rewards it deserves, but has also offered an overall legal protection to copyright holders through various levels. Over the past three years, courts around China have accepted over 500 copyright-related cases. More and more people engaged in literature, arts, and science and technology are walking to the solemn court with perfect assurance to declare war against the infringements on their signatory rights, rights to preserve the integrity of, and rights to use their works.

Over three years of practice has proven that the enforcement of the "Copyright Law" has not only offered a legal basis for the protection of undertakings in literature, arts, and science and technology in China, which then greatly inspires the enthusiasm of people creating such works and directly promotes the development of spiritual and material civilization, but has also shown the whole society its respect for knowledge, creative works, and human dignity. Many experts believed that this

would be of profound influence on the long-term development and progress of Chinese society.

While establishing and improving the domestic copyright protection system, China also actively promoted the progress of joining the international copyright protection system. As early as the beginning of the drafting of the "Copyright Law," China had been paying great attention to absorbing the experiences and strong points of international copyright circles, and had been fully aware of the requirements of the international copyright convention, so as to make corresponding preparations for joining international copyright organizations. On 1 July 1992, the NPC Standing Committee made a decision on joining the Berne Convention for the Protection of Literary and Artistic Works and the Universal Copyright Convention; on 7 November, it made the decision to join the "Sound-Recorded Products Convention." In October 1992 and April 1993, the three international copyright conventions took effect in China successively. Thus, China has become a member of major international conventions on copyright and relevant rights, set up relations with over 100 countries for mutual copyright protection, and basically normalized relations with foreign countries in copyright. It can be said that within a couple of years, China has walked a path that took many countries decades or even more than a century to walk.

China's rapid advances in the work of copyright protection have drawn attention from the international community. Bogsch, director-general of the World Intellectual Property Organization, termed China's accession to the Berne Convention "an important historic achievement" and "a tremendous success of the international copyright circles" and China. He maintained that this would be a significant matter to the Chinese culture, science and technology, and social development, as well as to the entire international community.

XINHUA Introduces Column on Tax Awareness

OW0606135294 Beijing XINHUA Domestic Service in Chinese 0257 GMT 24 Apr 94

[By XINHUA reporter Zou Qingli (6760 3237 7787); "Increase All People's Awareness of Paying Taxes"; from the special column "Taxes Are Everyone's Concern"]

[Text] Beijing, 24 Apr (XINHUA)—XINHUA editor's note: As China introduced a new taxation system at the beginning of this year, strengthening the collection and management of taxes has become a task of top priority, while the collection of taxes has demanded the entire society's understanding and support. In order to enhance understanding and communicate with the entire society on issues related to taxes, XINHUA will, beginning today, introduce a new special column, "Taxes Are Everyone's Concern." The column will carry reports on outstanding taxpayers and the role of tax revenues in the

national economy, as well as tax evasion cases of individual taxpayers. (End of editor's note)

Along with economic and social development, more and more people have somehow begun to understand what taxes are. Often they are most aware of the need to pay individual income tax when an individual's income reaches a certain level. The salaried working stratum, those with an 800 yuan or more monthly income are, after all, very few. Therefore, some people are "indifferent" toward this tax category, which should be of obvious concern to the people's livelihood, and may know even less with regard to other kinds of taxes.

As a matter of fact, the moment one becomes a member of society, taxes will accompany him or her for the rest of their life. We must arouse all people's awareness to pay taxes!

I

In a civilized society, each and every individual is bound to play two roles, i.e., as a laborer and a consumer. As a laborer, one creates social wealth, part of which is delivered by the enterprise or work unit to the state in the form of taxes. As a consumer, one buys goods, which include costs and profits, in addition to taxes. All taxes paid are like tiny streams which form an enormous river to replenish the state treasury and build the mansion of the Republic.

Taxes concern everyone in a thousand and one ways. An individual is a citizen as well as a taxpayer who fulfills, consciously or unconsciously, the duty of paying taxes, while enjoying, tangibly or intangibly, the benefits of taxes he or she has paid. When one buys a pack of quality cigarettes, he or she pays taxes with 60 percent of the purchase money; by the same token, 20 percent of the money paid for a color TV set actually goes to taxes. Meanwhile, when one walks on a boulevard and breathes the fresh air purified by the green invested by society, he or she is enjoying the benefits brought about by the taxes he or she has paid.

Macroscopically, taxes are revenues obtained from society by the state in order to perform its functions. In 1993, the state revenues totaled some 511 billion yuan, of which 400 billion yuan, or nearly 80 percent of the total, was derived from various taxes, while 95 percent of Beijing municipality's income derived from tax revenues. Tax revenues, which come from the people and are spent on them, keep the giant state apparatus in operation, safeguard national security, and maintain social stability, peace, and order. Microscopically, taxes paid by an individual to the state in various forms are repaid to him or her by the state accordingly through educational, health, cultural, recreational, and other services; through roads, communications, and other infrastructure invested in and built by the state for production and everyday needs; and through various direct and indirect state subsidies and benefits.

Taxes paid by each and every individual lump together and, under unified state plans, create a more convenient and comfortable living environment for all of us.

II

Prior to reform and opening up, China implemented a policy of unified financial receipts and allocations by the state. Moreover, as tax revenues had no direct bearing on the interests of units or individuals, the overwhelming majority of people knew only vaguely "the need to pay taxes by everyone," a concept rather prevalent in Western developed countries. Most industrial workers were not aware of taxes, and farmers selling hogs were confused about the need to pay animal slaughter tax; while plant directors and managers generally complained about excessive taxes, and individual business operators grumbled at heavy taxes. Hence, when encountered by tax collectors, taxpayers often bargained or went into hiding.

While tax awareness is rather weak among a segment of the population, some individuals have a strong "intention" to evade taxes. Some individual industrial and commercial units operated without a license, wrote unauthorized receipts, or printed receipts without permission in order to evade taxes. According to rough estimation, taxes unlawfully retained by individual business operators last year amounted to 26 billion yuan. Some state- and collectively-owned enterprises took the opportunity of signing contracts to inflate costs and delay tax payments, or evaded taxes by hiding and underreporting their business volume. As of the end of last June, taxes in arrears by enterprises alone totaled 10.9 billion yuan. Some popular singers, dancers, and movie stars, while receiving high remuneration for their performances, have no intention whatsoever of paying individual income taxes. "Whoever wants to make a fortune must live on tax loopholes" has become a slogan for some people wanting to get rich.

A new type of criminal has emerged in society following the state taxation and foreign trade reform—tax swindlers. Colluding with some culprits outside Chinese territory, they unscrupulously swindle huge amounts of state export tax refunds. In the first eight months of 1993, the procuratorial organs at various levels in China prosecuted 25 tax swindle cases involving some 110 people, uncovered six criminal gangs, arrested 45 criminal offenders of all kinds, and confiscated 3.5 billion yuan in fake receipts used by criminals. These lawless elements swindled more than 100 million yuan in export tax refunds from the state.

Huge fortunes that were supposed to go to the state coffers were lost like this.

It has been learned that an alarming amount of tax receipts that were supposed to go to the state coffers were illegally retained and became lost. According to a rough estimate, tax receipts lost annually in this way amount to at least 100 billion yuan, an amount that is more than the total annual revenues of treasuries at the county level,

more than the total annual state power expense, or enough to pay for 80 Yanpu bridges, five Beijing-Kowloon Railways, or two Three-Gorge projects... [ellipsis as published]

The huge amounts of lost tax receipts reflect an irrational distribution policy. While dodging tax, individually-owned businesses enjoy the economic environment and all sorts of conveniences provided by the state. Managers of some large enterprises who default on paying tax on the one hand take advantage of the spacious quarters subsidized by the state on the other. A few TV and movie personalities who evade tax have no qualms whatsoever about drawing all sorts of benefits and subsidies.

Evading tax is like cutting out a piece of the collectively-owned fortune created by all of us. Not satisfied with that, the tax evaders also want a share of what is left. This kind of behavior should be condemned by the whole of society, and it is certainly within the power of the state to punish them.

One heartening development is that conscientiously paying one's tax has become a civilized conduct in the minds of many people. Self-employed businessmen in Guangdong have become noticeably more willing to pay tax. They paid a total of 3.1 billion yuan in tax from January to October last year. In Beijing, self-employed people have been sighted forming long queues waiting to pay tax. Things have also improved with regard to tax evasion by entertainers, which had aroused bitter complaints among the masses. Mandatory tax collection in accordance with law is being closely integrated with enhanced public awareness of paying tax according to law, and this development has helped advance China's tax collection work.

III

Collecting money for the state—this is the heavy responsibility on the shoulders of tax collectors.

China's taxation departments have 600,000 cadres, staff members, and other employees whose job is to collect 350 to 400 billion yuan yearly in assorted taxes from the nation's 30 million businesses and individual taxpayers. Some taxpayers are "watermelons" and some are "sesame seeds." A large enterprise may pay tens, even hundreds, upon millions of yuan in tax a year. "Sesame seeds," which each pay a relatively paltry sum, eventually result in huge amounts of taxes collected. The smallest tax bill for small taxpayers could be as little as a few cents. As the watermelons cannot be overlooked, so every sesame seed should also be picked up. From the bustling city to the remote countryside, the broad ranks of tax collectors have to "trek across mountains and rivers, make house calls to thousands upon thousands of households, talk themselves hoarse, and endure hardships of every description" to collect the fortune for the state cent by cent.

Sometimes they have to travel up hill and down dale for hours to collect a few cents of tax. To collect tax

according to law, sometimes they have to endure, in addition to hardships, all sorts of grievances, and even face the test of life or death.

In Zhushan County, Hubei, special tax officer Fan Quanhe died an honorable death when he—while carrying out his official duties—was stabbed in the heart by a tax evader armed with a butcher's knife. Soon afterward, tax collector Zheng Xinhua in Pujiang County, Zhejiang, was killed instantly when he was pushed down from a moving car while he was searching for smuggled cigarettes... [ellipsis as published] According to figures compiled by the State Administration of Taxation, there were 16,920 cases of violence involving tax evasion from 1987 to 1992. Of the 14,298 cases involving physical abuse of tax collectors, 1,963 persons became permanently disabled as a result of severe wounds, and two were killed.

China today is short of 300,000 tax collectors. Many of the 30,000 or more grass-roots tax offices in cities and villages all over the country do not have a suitable office. Tax collectors do not have superior means of transportation and communications. Tax collectors riding on bicycles often have to tail tax evaders riding motorcycles or driving automobiles... [ellipsis as published] In spite of this, the republic's tax collectors stand fast at their posts and dedicate themselves to tax collection. Beijing city alone has 7,000 tax collectors who collect 18 billion yuan in tax annually, averaging 2.5 million yuan per tax collector. Since 1990, the national tax receipts have grown at an average annual rate of over 10 percent, topping 400 billion yuan in 1993. With their services, they have made major contributions in exercising macroeconomic regulation and control, and in safeguarding the national interest.

Shanghai's Environment Improves as Its Economy Grows

OW0606142994 Beijing XINHUA Domestic Service in Chinese 0802 GMT 6 Jun 94

[By reporter Ji Jincheng (1323 6651 2052)]

[Text] Shanghai, 6 Jun (XINHUA)— While experiencing a great margin of economic growth last year, Shanghai city witnessed a remarkable drop in discharges of industrial waste water and waste gases. However, the city's solid waste discharge increased in 1993. These are facts revealed in the "1993 Communique on Shanghai City's Environmental Situation" recently released by the Shanghai Municipal Environmental Protection Bureau.

The communique says that the Shanghai GNP reached 51 billion yuan in 1993, an increase of 14.9 percent over the 1992. Its industrial growth was 16.8 percent in 1993. Meanwhile, Shanghai's annual industrial waste water discharge was 1.28 billion tons in 1993, a drop of 6.5 percent from the 1992 record. The volume of industrial waste water treated in 1993 reached 1.09 billion tons, representing an increase of 5.5 percent over 1992. The discharges of major pollutants in industrial waste water

witnessed a drop in 1993 from the 1992 record. Last year, the city consumed 32.736 million tons of coal, a slight increase over 1992. In 1993, Shanghai's total discharge of waste gases amounted to 423.05 billion cubic meters, including 385.92 billion cubic meters of industrial waste gases, representing a drop of 17.2 percent and 12.6 percent respectively from the 1992 record. The discharges of major pollutants in waste gases decreased to various extents, as compared with 1992. Industrial solid wastes increased by 4.9 percent over 1992, reaching 11.98 million tons.

In terms of Shanghai's environmental quality in 1993, the communique has the following overall evaluation: The quality of water and air is better than 1993 but there is little progress in reducing noise.

XINHUA Carries 'Economic News in Brief' for 7 Jun

OW0706051394 Beijing XINHUA in English 0228 GMT 7 Jun 94

[Text] Beijing, June 7 (XINHUA)—Today's economic news in brief:

Xiamen Investment Environment

Southeast China's Xiamen municipal government has taken measures to improve its investment environment by streamlining formalities and improving services.

The municipal foreign investment working committee is now committed to dealing with every project within a fixed time limit. The committee has vowed to approve all foreign investment as long as it is on the government's foreign investment list.

Zhejiang's Industrial Structure

With the improvement of its industrial structure, east China's Zhejiang Province achieved a fast economic growth last year; its gross product increased 25 percent in that year over 1992.

The province is putting more emphasis nowadays on heavy industry at the expense of light and processing industry.

Taiwan-Invested Area

After five years of construction the Taiwan-invested Xinglin Area has become a satellite city of the Xiamen Special Economic Zone in southeast China.

It was approved in 1989, and special treatment is given to investors from Taiwan.

Significant Progress Made in Natural Gas Projects

OW0706075394 Beijing XINHUA Domestic Service in Chinese 2102 GMT 6 Jun 94

[By reporter Chen Bingguang (7115 3521 0342)]

[Text] Guangzhou, 7 Jun (XINHUA)— The Nanhai West Oil Corporation of the China National Offshore Oil Corporation [CNOOC] has adopted a two-pronged operations principle: strengthening foreign cooperation as well as raising funds and carrying out exploration and development on its own. It has made significant progress in developing the vast natural gas reserves in the western part of the South China Sea. Development and construction is being undertaken simultaneously offshore and on land, with well-drilling ships working day and night on the vast Beibuwan waters, a region that has become a principal battleground for China's natural gas exploration and development.

Repeated evidence from Chinese and foreign experts indicate rich natural gas resources in Yingge Hai and Hainan's southeast basin, with reserves reaching 1.344 billion [as received] cubic meters [cu m], or about one-third of China's total natural gas resources. Of this total, about 2.5-3 trillion [as received] cu m are resources with economic value. The development of this vast natural gas reserves area is significant to altering the energy structure and alleviating energy shortages in the south as well as quickening economic construction in the southeast coastal regions.

Since reform and opening up, the Nanhai West Oil Corporation of the CNOOC has signed 21 contracts and agreements with 26 oil companies from 10 countries to utilize foreign funds and advanced technology and equipment, thereby quickening the pace of exploring offshore oil and natural gas fields. By the end of last year, \$956 million had been utilized. Meanwhile, through foreign cooperation, the company has trained a group of scientific and technological teams capable of exploring and developing offshore oil and natural gas fields independently in line with international practice and standards.

The new discovery of natural gas reserves in the western part of the southern sea has interested many foreign oil companies. Since 1992, the corporation has signed five new contracts with ARCO Corporation, Crestone Corporation, and Esso Corporation of the United States to explore natural gas fields. While quickening exploration in the vast natural gas reserves region, China is now carrying out large-scale development and construction of the vast Ya 13-1 natural gas field project with ARCO Corporation and Kuwait Foreign Oil Exploration Corporation, with a total investment of \$1.16 billion. According to the agreement, 2.9 billion cu m of natural gas will be supplied to Hong Kong annually via submarine pipelines for 20 years beginning 1 January 1996, while 500 million cu m of natural gas will be supplied to Hainan Province annually.

Since the beginning of this year, operating contractors formed by Italy's (Shipeng) Ocean Engineering Corporation and the European Ocean Engineering Transnational Corporation used an advanced submarine-pipe-laying ship to lay over 700 km of 28-in diameter submarine pipelines from the Zhu Jiang estuary to Yingge Hai, and

plan to complete the laying of over 70 km of submarine pipeline from the Zhu Jiang estuary to Hong Kong's receiving port in August. The 800-km long trunk pipeline is Asia's longest submarine gas pipeline. Further, the construction of a 14-in, 100-km submarine gas pipeline from the platform at Yingge Hai to Hainan's Sanya City began at the beginning of this month.

According to plans, reserves of 550-700 billion cu m of natural gas and 240 million tonnes of crude oil will be added in the vast natural gas reserves area in 15 years. By the end of this century, an annual production capability for 10 billion cu m of natural gas and 1 million tonnes of crude oil will be developed.

Water-Saving Efforts Pay Off in Cities

*OW0606132694 Beijing XINHUA in English 1305
GMT 6 Jun 94*

[Text] Beijing, June 6 (XINHUA)—The emphasis which China has placed on saving water-use in the cities had had good effects, said Ye Rutang, vice-minister of construction.

Since 1983, Chinese cities have saved using 13.9 billion cubic meters of water altogether. The ratio of recycled water used has increased from less than 20 percent in 1983 to 60 percent.

China economizes to save using 1.39 billion cubic meters of water annually, equal to building seven water-works with a capacity of 500,000 cubic meters.

Economizing on water obviously helps to protect China's water resources and city environments, he pointed out.

Waste water which had to be disposed of has decreased by 1.1 billion cubic meters every year through the save-water drive.

Shanghai, Tianjin, Ningbo and other cities have improved their control of earth subsidence by stronger management of utilization of ground-water resources.

China also saves 6.95 billion kWh of electricity every year by cutting water-use, Ye said.

China has 2,800 billion cubic meters of water resources, the sixth greatest in the world. But each Chinese citizen only has 2,440 cubic meters, a quarter of the world average, due to China's large population of more than 1.1 billion.

Figures from the provinces so far available in Beijing show that by the end of 1993, there was water shortage in about 300 cities out of China's total of 570 cities.

To make people conscious of the importance of keeping water-use down, China has set aside the second week in June every year as a period for special publicity on saving water, ye said.

He added that the government has set up a special organization in the Ministry of Construction and branches in most of the cities to coordinate water-saving efforts.

Forestry Officials Use Trees To Improve Barren Soil

HK0706054494 Beijing CHINA DAILY in English 7 Jun 94 p 1

[By Wang Yonghong: "Fresh Push To Stabilize Barren Soil With Trees"]

[Text] The country's top forestry official has vowed to step up the ongoing afforestation drive to help improve the nation's ecological balance.

"Efforts will be made to speed up all major tree-planting projects to meet planned targets one or two years ahead of schedule, to cope with the country's brisk development," Vice-Minister of Forestry Zhu Guangyao told reporters over the weekend.

China ranks number one in the world for its dramatic growth of forest resources in the past decade, but more efforts are needed to make the land greener, said Zhu.

Planting trees on now-barren hills will be a priority goal for the rest of the century, the vice-minister said in an interview.

The city of Tianjin, Guangxi Zhuang Autonomous Region and Anhui, Jiangxi, Hubei, Shandong, Jilin and Zhejiang Provinces plan afforestation for all of their barren hills that are suitable for tree-growing this year, according to Zhu.

Two-thirds of China's provinces, municipalities, and autonomous regions are expected to achieve their targets by the year 2000, when the national forest coverage will rise to at least 15.3 percent from the current 13.9 percent, Zhu said.

Every year, some 5.4 million hectares of trees are planted across the country. Nature reserves now account for 6.8 percent of the country's total area.

Despite the marked progress in the past decade, China still faces some serious environmental and ecological

problems. The degradation, desertification, and salinization of farmland and grassland are continuing, while soil erosion remains serious, he added.

Ecological deterioration has worsened living conditions and severely hindered economic development. The ecological damage to agricultural production is an especially hard blow since China must feed its 1.2 billion population, or 20 percent of the world's total, with only 7 percent of world's cultivated land.

Over 15 per cent of China's land suffers from soil erosion and 5 billion tons of soil are washed away annually, Zhu noted.

Desert acreage is expanding by 2,100 square kilometres annually and has now reached 1.53 million square kilometres, or 15.9 percent of the territory.

Eroded areas are particularly vulnerable to further environmental damage from severe weather such as droughts floods, hailstorms, and unseasonably hot or cold weather.

"All these natural disasters can be alleviated or put under control with more forest coverage," the vice-minister stressed. ;

Since the late 1970's, the country has launched seven ambitious afforestation and ecological improvement projects.

Nearly all areas afflicted by ecological damage have been targeted by those projects, which cover 5.8 million square kilometres or 60 percent of the country's territory, Zhu explained.

So far, a total of 24.2 million hectares of forests have been planted.

Tree zones are being created along the upper and middle reaches of the Yangtze River, along the coast, on the plains, and in the Taihang Mountain region. And work on the Three North shelter belt, stretching from the northeast, across the north to the northwest, will continue until 2050 to become the world's largest such tree zone.

When all the projects are completed, some 66.7 million hectares, or over two-thirds of all farmland will have more effective ecological protection.

East Region**Anhui Circular on Irregularities in Various Trades**

OW0706122994 Hefei ANHUI RIBAO in Chinese 7 Jun 94 p 1

[By Jiang Chun (3068 3196)]

[Text] The provincial government general office recently issued a circular outlining the plan for this year's work of redressing irregularities in various trades in Anhui.

To ensure continuous deepening reform in Anhui, the circular called on all localities to carry out the plan made by the provincial party committee and government, foster a fine workstyle in various trades, and give special attention to solving hot-point issues that have caused strong complaints in society.

The circular pointed out that this year's work of redressing irregularities in various trades would focus on the following aspects: conscientiously screening party and government organs and their personnel to check if they have taken advantage of their position to use enterprises' vehicles, computers, or communications equipment, and if they transfer enterprises' funds to their own units' "small banks" for private use under any excuse; screening party, government, and administrative organs to see if they set up "small banks" in their units; continuing to pay attention to unauthorized fees; and resolutely canceling unreasonable fees to alleviate the burden of enterprises and the masses. In fostering a fine workstyle in various trades, localities must continue to screen checkpoints and fee collection stations along highways and rivers, adjust the structure of electricity charges in rural areas, and consolidate achievements scored in the past.

The circular urged governments at all levels to conscientiously strengthen leadership in redressing irregularities in various trades, regard this issue as an important task against corruption and promoting a clean government and place it high on the agenda, pay attention to key enterprises and units, gradually establish and perfect various regulations and laws, and strictly investigate and prosecute cases in violation of laws and discipline to create a sound social environment for reform and opening up in Anhui.

Communications Cable Begins Operation in Shandong

SK0706080594 Jinan DAZHONG RIBAO in Chinese 28 Jun 94 p 2

[Text] The Rizhao-Wulian-Linyi optical fiber communications cable formally opened a few days ago, thus thoroughly eliminating the strained situation on circuits serving between Rizhao and Linyi and allowing Linyi, Yinan, Yishui, Juxian, Wulian, and Rizhao city's Donggang District to embark on a path of quickening its long-distance communications service.

Shanghai Enjoys 'Satisfactory' Import, Export Growth

OW0606145094 Beijing XINHUA Domestic Service in Chinese 0744 GMT 6 Jun 94

[By reporter Xia Ruge (1115 0320 7041)]

[Text] Shanghai, 6 Jun (XINHUA)—Shanghai achieved a satisfactory result in its imports and exports this year. In the January-May period, Shanghai exported \$3.244 billion worth of goods, an increase of 26 percent over the same period last year. Shanghai's imports increased simultaneously.

The Shanghai municipal government readjusted its strategy for promoting foreign trade last year. The move, including the organization of large foreign export companies, has facilitated the formation of many great exporting armies, brought the role of Shanghai as a trading port into full play, linked Shanghai with export enterprises across the country, encouraged export enterprises to directly participate in international market competition, and developed technological and service trade.

At present, there are more than 10,000 export enterprises in Shanghai, which make up six great exporting armies—foreign trade, industrial trade, local trade, self-run export enterprises, the three kinds of enterprises that are either partially or wholly foreign-owned, and enterprises run by the central authorities in Shanghai. Since the beginning of this year, all of them have experienced an increase in exports.

About 460 overseas enterprises set up by Shanghai's companies in 60 or more countries and regions have begun to play an important role in foreign trade. They have helped increase export earnings. In addition, by providing an international sales network for Shanghai's enterprises, they have enabled a large amount of commodities to be exported to other countries in the world.

Shanghai Computer Technology Institute Opens

OW0606132594 Beijing XINHUA in English 1311 GMT 6 Jun 94

[Text] Shanghai, June 6 (XINHUA)—A computer science and technology institute opened here today at Jiaotong University, one of China's leading engineering universities.

The new institute has a teaching department, a development department and an industry department.

An institute official said that the development department employs nearly 500 researchers specializing in computer theories, artificial intelligence, image processing and multi-media technology.

He said that the development department had begun to cooperate with the Shanghai manufacturing community

in personal computer software programming, computer technician training and large-scale network engineering.

The institute has also begun cooperating with major computer manufacturers in other countries by signing agreements with the International Business Machine Corporation (IBM) of the United States and a number of other foreign companies.

The official said that the Bell Company of Belgium had given the institute a gift of some network communications equipment worth 150,000 U.S. dollars.

The Chipcom Company of the United States has provided the institute with network communications parts valued at 75,000 U.S. dollars.

Shanghai Opens School for Migrant Laborers

*OW0706053094 Beijing XINHUA in English 0145
GMT 7 Jun 94*

[Text] Shanghai, June 7 (XINHUA)—A school was inaugurated here today for migrant laborers.

Co-funded by Shanghai Federation of Trade Unions, East China Teachers' University, and Shanghai Textile Workers' Trade Union, the school will educate migrant farm laborers in the city and aims to set up branch school in some districts and counties.

The municipal public security bureau says the city now has nearly a million farm laborers, who work for the city's building, municipal engineering and textile industry.

Almost all the building workers in this city are migrant laborers and 40 percent of the textile workers are girls and women from the countryside.

But the cultural and technological levels of these migrant laborers are comparatively lower than the urban residents, and many of them are illiterate or half-illiterate. Many also lack consciousness of safety and quality standards.

So the school will give lessons on public order, laws, morals, techniques and culture to these people from the countryside in their spare time. The text books have been written by East China Teachers' College.

Central-South Region

Guangdong Hosts Mainland, Taiwan, Hong Kong Film Festival

*OW0706010694 Beijing XINHUA in English 0029
GMT 7 Jun 94*

[Text] Zhuhai, June 7 (XINHUA)—A film festival aimed at "both sides of the Taiwan Straits and Hong Kong" will be held in Zhuhai City, in south China's Guangdong Province, from June 15 to 19.

Thirteen films from the Chinese mainland, Taiwan and Hong Kong have been selected for a festival-sponsored contest—the first of its kind in China—and 24 other films from the three places will also be shown in Zhuhai City during the festival.

The 13-strong festival jury, chosen from all three places, is to award nine prizes. Its chairman will be Ding Qiao, noted film director and former vice-minister of radio, film and television.

The 37 films to be screened during the festival were chosen by the organizing committee from 45 films nominated by the three places.

Shenzhen Factory Building Collapse Kills 11, Injures 9

*OW0606151494 Beijing XINHUA in English 1509
GMT 6 Jun 94*

[Text] Shenzhen, June 6 (XINHUA)—A factory building collapsed on Saturday [4 June] in a village in Longgang Town at Shenzhen, killing 11 people and seriously injuring nine who were all living in this unfinished construction.

Investigations so far indicate that the building was put up in breach of various regulations.

The building belongs to a plastics factory, in which the investor is a Hong Kong businessman named Wang Chengen. The firm is said to have hired an unregistered construction team.

The construction of the building was not given official approval. It did not have the necessary certificate for a new building. No geological survey was done. There were no proper architectural drawings, either, officials said.

It was jerry-built and the building materials and construction quality were very poor. Before the building was finished, when the third, fourth and fifth floors were still incomplete, the company had arranged for 106 of its workforce to live on the second floor.

When the accident happened, all the people living on that floor, except 32 who had gone out for early morning outdoor exercises, were trapped in the building.

The labor contractor of the building and a factory manager in charge of daily business were detained for further investigation. The detained person named Wang Ruipei is a younger brother of Wang Chengen.

The local procuratorate is investigating the accident.

Hainan Managers Appointed, Removed Based on Performance

*OW0706025594 Beijing XINHUA in English 0137
GMT 7 Jun 94*

[Text] Haikou, June 7 (XINHUA)—It's not personality but performance which will have the final say in the

appointment or removal of managers or directors of state-owned enterprises in Hainan Province, China's largest special economic zone.

As a major step toward introducing a modern enterprise management mechanism, the province drafted stipulations for the appointment of state-owned enterprise managers or directors this April.

According to the stipulations, no one may be re-appointed within five years after serving prison terms or being deprived of their political rights for economic crimes; within three years after clearing debts following management of enterprises which went bankrupt owing to poor performance; or for not paying off debts on due dates.

Hainan tried the appointment system for managers and directors in the state-owned enterprises before. However, as there were no official rules for it, often managers who had been removed due to poor performance were appointed again to similar or higher positions.

The new appointment system declares that a public debate attended by workers' representatives must be held for managerial candidates. A public survey must also be conducted among employees to test workers' trust in their candidates. The move, along with other regulations, has cleared the way for an effective appointment system for the province's management personnel.

Hubei Governor Urges Implementation of Central Policies

HK0706065594 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 28 May 94

[Excerpts] When going down to the state-owned enterprises and the rural areas of the Xianning Prefecture to conduct investigation and study from 22 to 29 May, Governor Jia Zhijie pointed out that all localities and departments should: Implement the policies given to the province by the central authorities in a satisfactory, full, and creative way; carry out economic work in a thoroughgoing, careful, and solid manner; strive to concentrate efforts in agriculture on implementing policies and paying close attention to the construction of the "rice bag" and "shopping basket" projects; make great efforts in industry to tackle difficult problems and raise efficiency by centering around the market; properly solve the pronounced contradictions and problems in economic life; and should continue to maintain and develop the current fine situation. [passage omitted]

Jia Zhijie maintained that our province's current situation can be summarized in three sentences: First, the situation is unprecedented and fine rather than generally good. The main indications are that the enthusiasm of the broad masses of peasants for production is unprecedentedly high and a momentum of breakthrough development has been maintained in grain and cotton production and the development of a diversified economy and township and town enterprises. A historic, great turn

has occurred in the development of industry, which has maintained a relatively high growth rate, some state-owned enterprises have managed to get, or are getting, themselves out of their predicaments, and the industrial output in April increased by 12.2 percent over the same month last year, higher than the 5 percent for the nation's state-owned enterprises in the same month. Urban and rural markets are brisk and reforms in macromanagement structures, such as finance, banking, investment, and planning, have been progressing smoothly. Experiments in building a modern enterprise system are being carried out step by step and opening up to the outside world continues to maintain a good momentum. Second, is that in the fine situation, there are really some difficulties and problems hampering development and stability, which should not be overlooked, and we should earnestly approach and properly solve them. Third is that only when these difficulties and problems in our advance are properly solved can our province's fine situation, which has not come easily, be maintained and developed. [passage omitted]

Jia Zhijie pointed out: It is necessary to correctly handle the relationship between reform, development, and stability, further remove hidden dangers, and maintain social stability. He said: What counts in solving the problem of stability is taking a two-handed approach: Take radical measures while putting stress on taking precautions. At present we should make great efforts to do the work well in the following ways: Firmly putting price raises below the nation's average levels; doing well from start to finish in improving the lives of the people in disaster areas, areas around reservoirs, and poverty-stricken areas, ensuring that they have enough food to eat and their temporary shortages are smoothly overcome; doing an earnest job of finding jobs for cadres and employees whose employment has been affected as a result of reform; encouraging the companies which were affected by reform to find a way out by increasing income and decreasing expenditure, readjusting the organizational structure, and cutting unreasonable spending, and continuing to improve the basic daily necessities of the enterprises which have suspended production totally or partially and help some university and college students solve their difficulties in their daily lives.

He urged all localities to pay close attention to the development of the "rice bag" and "shopping basket" projects, strive for innovative advances in developing a diversified economy and township and town enterprises, and do an ever better job in rural work. He pointed out: Our province's guidelines for rural work are clear and definite. At present, all localities should seize the favorable opportunity, further implement the central authorities' and the province's various preferential policies in support of agriculture, effectively reduce the peasants' burdens, adopt effective measures to check the excessively rapid momentum of price raises in capital goods for agriculture, protect the peasants' immediate interests, further mobilize their enthusiasm for production, ensure effective supplies, and lay a solid material foundation for stabilizing the market and commodity prices. [passage omitted]

While talking about running state-owned enterprises well and maintaining the good momentum of industrial production, Jia Zhijie pointed out: It is necessary to take measures to tackle difficult problems and increase efficiency. [passage omitted] All localities should give first consideration to and study the market while helping the enterprises which have suspended production totally or partially recovered production, by deciding projects to launch, making decisions, and readjusting the product mix and the enterprise organizational structure. The fundamental way for enterprises to meet market demand is to enable them to get involved in the market and strive to pump fresh vitality into state-owned enterprises by deepening reform, changing operational mechanisms, and establishing a modern enterprise system.

Jia Zhijie stressed: To handle the relationship between reform, development, and stability and maintain and develop the fine situation, which did not come easily; party committees and governments at all levels and various departments should further change their work style and develop the good work style of being practical and doing a solid job. What counts in doing this is that leaders should set an example. Principal party and government leaders at all levels must: Take the lead in cutting the excessive number of document meetings and having less social intercourse; be determined to go deep into the realities of life; go down to the grass-roots units, enterprises, and the rural areas by centering around the outstanding problems in reform, development, and stability; do more investigation and study; make great efforts to carry out their work; and solve practical problems.

**China Southern Airlines Passenger Plane
Hijacked**

Diversion to Taiwan

*OW0606140494 Beijing XINHUA in English 1354
GMT 6 Jun 94*

[Text] Beijing, June 6 (XINHUA)—A Chinese domestic passenger plane was hijacked to Taiwan today.

A spokesman for the Civil Aviation Administration of China (CAAC) said that China Southern Airlines' B-737/2542 passenger plane was serving the CZ3572 flight from Fuzhou to Guangzhou. It took off at 18:58 from Fuzhou Airport, and was hijacked on its flight. At 19:57 it landed safely at Taoyuan Airport, Taipei [Taipei].

The spokesman said that relevant departments of the two sides of the Taiwan Straits are in contact on the incident.

Returns to Guangzhou

*OW0706021394 Beijing XINHUA in English 0151
GMT 7 Jun 94*

[Text] Beijing, June 7 (XINHUA)—The China Southern Airlines passenger plane, hijacked to Taiwan yesterday, returned to Guangzhou at 00:30 today.

A spokesman for the Civil Aviation Administration of China said that the B-737/2542 plane was hijacked to Taiwan yesterday at 19:57 on flight CZ3572 from Fuzhou to Guangzhou.

All the passengers and crew members, except for the lone hijacker, returned with the plane, the spokesman said.

Further Developments on Hijacked Chinese Airliner

Plane Departs To Mainland

OW0606233894 Taipei China Broadcasting Corporation News Network in Mandarin 2200 GMT 6 Jun 94

[From the "Hookup" program]

[Excerpt] A civil passenger airplane of Communist China's Southern Airlines was hijacked to Taiwan last night [6 Jun]. After processing by our airport police for three hours and nine minutes, the plane with 138 passengers and crew on board was allowed to leave Chiang Kai-shek [CKS] Airport and to return to the mainland via a third region. Hijacker (Chou Wen-chiang) was turned over to the Taoyuan District Procuratorate for investigation. The following is a report filed by (Wang Yu-fu):

[Begin recording] [Wang] At 1956 [1156 GMT] on the evening of 6 June, a hijacked Boeing 737 passenger airplane of Communist China's Southern Airlines, No. B2542, landed at Taoyuan CKS Airport. The civil passenger plane from Communist China was carrying 131 passengers and eight crew members on board. After processing by the airport police for three hours and nine minutes, the plane was allowed to leave, with 130 passengers and eight crew members, the CKS Airport and to return to the mainland via a third region at 2305 [1505 GMT] at night. Hijacker was turned over to the Taoyuan District Procuratorate for investigation. [passage omitted] [end recording]

Hijacker Interrogated

OW0606162794 Taipei China Broadcasting Corporation News Network in Mandarin 1400 GMT 6 Jun 94

[Excerpts] Another mainland China passenger plane was hijacked to Taiwan this evening. The Boeing 737 Southern Airlines passenger plane, No. B2542, landed at the Chiang Kai-shek airport at 1156 GMT under escort by our Air Force aircraft. There were 131 passengers and eight crew members on board the plane, which was on a scheduled flight from Fuzhou to Guangzhou. .

According to preliminary reports, the plane was hijacked by a 36-year-old man (Chou Wen-chiang), using a carving knife and a flash light. The airport police have taken him from the plane for investigation. It was initially determined that there were no accomplices.

During the interrogation, (Chou Wen-chiang) said he was born in [words indistinct] in 1958 and was a resident of Guangdong's Lien County. He has a heart ailment [words indistinct]. He said he hijacked the plane because he was dissatisfied with his low pay of only a few dozen yuan a month, and he received a compensation of only 8,000 yuan after his elder sister was killed by an unlicensed driver.

According to the Ministry of Defense spokesman, the plane, which was hijacked at 1920, gave the signal at 1924 that it had been hijacked. While our military and radar placed the plane under close surveillance, two F5-E fighter jets took off from the Chiayi Airport to intercept it. The fighters intercepted the plane at 1939 and guided it to a safe landing at the Chiang Kai-shek Airport at 1956.

President Li Teng-hui and other ranking government officials, upon learning the news at a return banquet given by [words indistinct] president at the Grand Hotel, immediately instructed units concerned to handle the case according to established procedures.

Meanwhile, Minister Wu Po-hsiung, chairman of the Executive Yuan panel in charge of affairs about hijacking, indicated that the case will be handled according to the principle that the hijacker and the plane will be handled separately. He said the plane, after being routinely checked, will be allowed to fly to its original destination, but the hijacker will be turned over to judicial authorities for handling. He reiterated that while the government is firmly against any plane hijacking and will strictly punish any hijackers, relevant Chinese communist authorities should strengthen their security checks to forestall any hijacking attempts. He added that the hijacker will be repatriated after the Straits Exchange Foundation [SEF] has consulted the Association of Relations Across the Taiwan Straits [ARATS] and reached a common understanding with the latter. He said the hijacker will never be allowed to stay in Taiwan.

As usual, the SEF has immediately notified ARATS on the procedures that will be taken for the repatriation of the hijacker. [passage omitted]

Tourist Killed in Mainland Air Crash Near Xian

OW0606142494 Taipei CNA in English 1310 GMT 6 Jun 94

[By Benjamin Yeh]

[Text] Taipei, June 6 (CNA)—A Taiwan tourist was among the 159 passengers and crew killed after the Mainland Chinese Tupolev-154 they were aboard crashed eight minutes after taking off from Xian on a domestic flight to the southeastern Province of Guangdong on Monday [6 Jun].

The Taipei Association of Travel Agents, after contacting mainland tourist authorities, identified the Taiwan tourist as Chuang Yao-tsung, 38. No further information about Chuang was available.

According to foreign wire service reports, government workers in Changan County, where the plane went down, reported that the China Northwest Airlines plane was racked by an explosion before it crashed.

The international airline passenger association earlier this year rated Mainland China as one of the most dangerous places to fly in the wake of the five crashes [words indistinct] last year that killed 76 people.

Central Bank Governor Confident of Financial Hub Goal

*OW0606144194 Taipei CNA in English 1325 GMT
6 Jun 94*

[By Flor Wang]

[Text] Taipei, June 6 (CNA)—Liang Kuo-shu, the newly installed governor of the Central Bank of China, said Monday [6 Jun] that he is confident Taipei can become a financial hub of the Asia-Pacific region.

In aiming for that goal, which is one of the CBC's top priorities, the bank first wants to see Taipei become a regional funding center—a source of capital for financial institutions and private enterprises both at home and abroad, Liang said when answering questions at a Legislative Yuan committee meeting.

In an effort to further open a [words indistinct] speed up the development of the local financial services market, the Ministry of Finance recently lifted restrictions on foreign investment on the local banking market, allowing foreigners and Overseas Chinese greater access in opening new banks and expanding operations here.

Liang said more financial instruments and better services would result because of the new policy, and added that so far, 38 domestic and foreign banks have been allowed by the CBC to take part in offshore banking operations here.

Aiming to avert possible speculation on the local stock and foreign exchange markets brought about by huge foreign capital inflows, the CBC will use the foreign capital to meet the need of the manufacturing sector for its medium and long-term development, which plays an indispensable and vital role in the nation's economic growth, Liang said.

Bank Predicts Continued Modest Economic Growth

*OW0606154694 Taipei CNA in English 1320 GMT
6 Jun 94*

[By Y. C. Tsai]

[Text] Taipei, June 6 (CNA)—The Taiwan economy is expected to continue its modest growth in the second half of 1994, the First Commercial Bank reported Monday [6 Jun].

In its report on domestic economic outlook for the next six months, the bank said the domestic economy will benefit from the gradual recovery of the global economy, the depreciation of the new Taiwan dollar, the ongoing six-year national development plan, the government's

economic stimulus package, increasing private consumption, and stable consumer prices.

Citing estimates made by the International Monetary Fund (IMF) and the Directorate General of Budget, Accounting and Statistics (DGBAS), the bank noted that the world economy should grow 3 percent this year as compared with 2.2 percent last year, and said the domestic economy should expand 6.24 percent in the third quarter and 6.30 percent in the fourth quarter.

The estimated economic growth for the latter half of the year is better than that of the first six months, which the DGBAS put at 5.58 percent.

The bank, one of the three big banks run by the Taiwan provincial government—the other two being Hua Nan Commercial Bank and Chang Hwa Commercial Bank, also saw some negative factors coming into play in the next six months.

These include increasing government debt, sluggishness in domestic investment, a lack of progress in major construction projects, the worsening labor shortage, uncertainty caused by ever-increasing indirect trade across the Taiwan Strait, and stiff export competition from the mainland and Southeast Asian countries, the bank report elaborated.

The government's debt level is expected to soar to an all-time high of NT\$1.37 trillion (U.S.\$50.55 billion) in fiscal 1995, which begins on July 1.

Meanwhile, the report saw as a positive sign the expected stable growth of the domestic money supply between July and December. It said the M2 supply should grow at an annual rate of between 14 percent and 16 percent, or near the 15 percent target set by the Central Bank of China.

The broadly-defined M2 is the total stock of money in the national economy comprising cash in circulation, checking and demand deposits, passbook savings account, plus quasi-money (including time deposits and treasury bills).

The M2 supply rose by 14.84 in the first quarter, higher than the 14.7 percent in the fourth quarter of 1993. The money supply increased by a 12-month high of 15.41 percent in April.

The expected improvement in foreign trade, growing foreign investment in the domestic stock market, and the lowering of domestic interest rates are expected to help push up the capital demand from the private sector, the report pointed out.

Taiwan's foreign trade surplus totaled only U.S.\$590 million in the first four months of the year, down 66.9 percent from the year-earlier level, while foreign institutional investors have applied to invest U.S.\$9.347 billion in the Taiwan stock exchange since the ban on foreign stock investment was lifted in late 1992.

In addition, domestic financial institutions slashed interest rates one after another last week following similar moves in March and April.

Hong Kong

Lu Ping Sees Economic Role as 'Important'

HK0706052694 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 7 Jun 94 p 2

[Text] The director of China's Hong Kong and Macao Affairs Office, Lu Ping, has told a top-level delegation from Hong Kong that the territory's unique economic position is important not only to maintain the territory's stability and prosperity, but also to help the overall development of China's economy. He was talking to an economic mission headed by Trade Development Council (TDC) chairman Victor Fung, which yesterday met Chinese officials in Beijing to discuss strengthening economic ties.

Mr Lu urged all provinces and major cities on the mainland to help protect Hong Kong's economic system and to take advantage of the territory's position for expanding international trade. Mr Lu said the TDC had done much in fostering closer economic ties with the mainland, which should be strengthened further.

At a meeting with Minister of Internal Trade Zhang Haoruo, Mr Fung said Hong Kong companies wanted to expand further in China and hoped to broaden their scope of operation into China's distribution system. Mr Zhang said China would continue to do its best to conform to international practices as it developed its internal commerce.

The mission also met Vice-Minister of Foreign Trade and Economic Cooperation Zheng Silin. They discussed issues facing China in its application to re-enter GATT and the subjects of anti-dumping legislation and protectionism in major markets.

The mission was part of Hong Kong's participation in the Asia Pacific International Trade Fair in Beijing, to which the TDC has sent a delegation representing 118 Hong Kong companies.

UK 'Effectively' Issues Ultimatum on Military Land

HK0706061994 Hong Kong EASTERN EXPRESS in English 7 Jun 94 p 1

[By Sally Blyth, political correspondent and Rain Ren]

[Text] Britain has effectively issued an ultimatum to China, warning that there has to be an agreement on the future of Hong Kong's military sites by the end of this month.

The deadline has angered Chinese officials who said they would not tolerate any suggestion of a British ultimatum. "We think we have been too lenient towards all sorts of British requirements in this regard," a mainland official said last night. "In principle, Britain should hand over all the sites to us."

British sources said that unless an accord was endorsed by the next full meeting of the Sino-British Joint Liaison Group [JLG], likely to be held by the end of this month, many of the military facilities to be built for the People's Liberation Army would not be completed by 1997. There are fears that without an agreement on the military land, construction projects, in particular the Central-Wan Chai reclamation, might have to be put on hold.

Britain is aiming for a settlement before the Legislative Council's summer recess next month. Officials say this is dictated by "practical considerations", such as the finance committee having to approve any funds required to build a new naval base for China. Negotiations are scheduled to start this week between experts from China and Britain. Talks have been under way for seven years.

A party of Chinese experts arrived in the territory last night to prepare for the meeting expected to be held this afternoon at the venue for the JLG meetings. The dozen delegates will hold a meeting this morning to discuss whether there is a need to meet their British counterparts this afternoon.

A British JLG official refused to confirm the meeting but said informal contacts between the two countries had been going on.

An agreement seemed likely last month but the British said China changed its position by making further demands. China, in turn, has accused Britain of playing "propaganda tricks".

"Nothing was settled after last month's meeting," a Chinese official said. "We have never given Britain a definite yes to their offer. We only said we needed to report back to a higher authority. Then, when we finally responded to the British, they said we were making new demands. What a trick. They probably just want us to accept whatever is on the list. As to which sites and how many of them should be passed to the Hong Kong government for redevelopment, it is purely a matter between the People's Liberation Army [PLA] and Hong Kong's future government. Look at how many sites the British army has occupied and look at how many the Chinese PLA will be able to get."

He complained that Britain was willing to give China only 30 per cent of the residential blocks available. "This is also despite the fact that all expenditure for the PLA garrison to be stationed in Hong Kong will be borne by the Chinese Government," he said.

He then criticised Britain for making public some unresolved matters in a bid to create a false impression that the two countries were close to a deal.

It is already known that the PLA will take over The Prince of Wales Building and the land to the west of it but Britain needs agreement from China to redevelop the naval base which forms part of the reclamation project.

China was furious when the government unilaterally announced that it was relocating the British naval base to Stonecutters Island.

It would be almost impossible to persuade private developers to build on the site, even if it was filled in, without an agreement with Beijing.

In all, it is estimated the Government would stand to lose more than \$1bn from the military sites it is hoping to sell off.

Editorial Criticizes Government Over Human Rights Policy

HK0706065094 Hong Kong EASTERN EXPRESS in English 7 Jun 94 p 18

[Text] Presumably, there is a Government human rights policy even if it has not been communicated to Michael Suen, the Policy Secretary responsible for this matter. Suen has gone on record to say that plans are indeed in place for combating sexual harassment, protecting pregnant workers, and combating discrimination on grounds of marital status. Over the weekend he appeared to be saying the new Equal Opportunities Bill was the last word on this matter and he was not aware of any other anti-discrimination legislation in the pipeline.

If the Secretary for Home Affairs, who gives every impression of performing a distasteful task, is confused, it is little wonder that the public also is wondering what on earth is going on. A knee-jerk reaction would be to blame Michael Suen for not being on top of the job. This may turn out to be the case but the lack of clear signals on human rights matters comes from the top.

The government's hesitation in implementing anti-discriminatory legislation and access to information proposals, currently the subject of private members bills, gives rise to the suspicion that the commitment to a full-scale human rights agenda is lacking.

In private, the government has indicated it is preparing to move in the right direction but is taking care to avoid littering the path with symbolic gestures which would only serve to raise Chinese government objections.

The government's stance is naive on the one hand, and dishonest on the other. First, it is naive to assume that China will not object to so-called nonsymbolic human rights gestures, such as an access to information bill. Surely, it has become clear there are highly trained human rights sniffers in Beijing who can detect the slightest hint of human rights reform, however it is dressed up.

Whatever steps are being taken to enhance the human rights regime, China will object and do so with vigour. It is therefore essential that the government comes clean on its human rights agenda and clearly explains measures to be taken and why. If the government believes these measures are right and just, it should say so. If it behaves in a furtive manner, suggesting that there is something to

be ashamed of in its actions, it will only convey the impression that it is trying to sell shoddy goods.

Some members of the administration are opposed to legislation that eliminates discrimination and are even more violently opposed to laws that give the public the right to know what officialdom is doing. They are fighting a rearguard campaign to stop the spread of what they see as the human rights virus.

The time has come for leadership. Either Governor Chris Patten bows to their wishes or he must tell them that government policy is irrevocably set in the direction of enhancing the rights of the people of Hong Kong. There is no halfway house in sight.

Not only should the government come clean about its intentions but it should also campaign vigorously for what it believes. Some faint hearts in the administration fear a human rights campaign would not win public support. We challenge them to point to a single demonstration that has called for less human rights. Sure, there will be and have been protests in favour of retaining privilege, as witnessed by the New Territories inheritance issue.

Yet, such is the strength of feeling in favour of securing and extending the rights of the people that practically no one would come out and openly argue the case for less human rights. At most, the doubters will advance the view that human rights cannot be extended because China might object. The Government should capitalise on public sentiment, rather than cower in the shadow of human rights opponents. It should also provide concrete examples that show why human rights is not an abstract concept.

In Hong Kong, it means the right to determine if officials are gathering information about residents of the territory that may be incorrect and damaging. It means that female workers do not have to tolerate sexual harassment in the workplace. It also means that the right to housing and other essential services cannot be denied on grounds of race, religion, or other considerations of a discriminatory nature.

These are real issues, affecting everyday life. The Patten administration has led the public to believe it is concerned about matters of this kind. It is hard to overstate the disappointment and disillusion that will ensue in Hong Kong if the administration starts to back track on these issues.

We are used to the cynicism of politicians who judge policy, on whether it will enhance their popularity. We see no reason to make Hong Kong an even more fertile ground for nurturing this kind of cynicism.

'Total Secrecy' of High Court Trial Causes Concern

HK0706052294 Hong Kong SOUTH CHINA MORNING POST in English 7 Jun 94 p 2

[By Lindy Course]

[Text] A man was arraigned and sentenced in total secrecy in the High Court yesterday in an unprecedented move, contrary to the Bill of Rights. Wong Chi-keung's case was listed before Deputy Judge Jones on Friday and yesterday for plea to be taken and sentence passed. However, Friday's hearing was in chambers and yesterday's was in camera, meaning the press and the public could not attend.

Counsel for the Crown, Alan Lucas, and the defence lawyer, Peter Callaghan, would not reveal what had happened except to say that the judge had been given a good reason before ordering the unusual course.

Wong was given an undisclosed sentence on an unknown charge or charges.

Article 10 of the Bill of Rights states that any judgment in a criminal case shall be made public except where juveniles are involved or it is a matrimonial case.

According to a list of criminal cases in the Supreme Court lobby, Wong was charged with two counts of trafficking in dangerous drugs.

A judge can hold a criminal hearing in camera, under the Criminal Procedure Ordinance, only if it is in the interests of justice or public order or if it is for the safety or well being of a witness or any other person.

In previous sensitive cases, part of the proceedings have been held in chambers, where the sentencing judge can be informed of facts which are not revealed in open court. However, the charge or charges are made public and so is the sentence.

However, there is a precedent in the English courts where a case was heard in camera although the sentence was made public. On appeal the court said it should only be done in exceptional circumstances and should be avoided if there was any other way of serving the interests of justice.

Vice-chairman of the Bar Association, Gladys Li QC, said last night that the case was a worrying move, especially at this time in the territory's history and she wanted to find out more about the case.

A leading constitutional law expert strongly criticised what he termed a "cosy little arrangement" between the prosecution and defence saying it undermined the rule of law. "Is this a foretaste of the secret trials for the future? It is positively disgraceful. I cannot think of this ever happening in the Commonwealth since the days of the

Star Chamber in the 16th century. "You cannot have a private arraignment. What is so sad is that the Attorney-General wanted it to happen," he said.

A number of lawyers with international experience said they had never come across a similar case. They said the judge should have appointed a lawyer as a friend of the court if the interests of both parties before him coincided, which may not have been in the public interest.

Macao

Sino-Portuguese Cooperation 'Long Story' Says Governor

OW0406145694 Beijing XINHUA in English 1428 GMT 4 Jun 94

[Text] Macao, June 4 (XINHUA)—"We have a long story of the cooperation with China, and that is the most important capital we have to use Macao as a business platform into China."

Macao Governor General Vasco Joaquim Rocha Vieira made these remarks when met a visiting Portuguese delegation of entrepreneurs here today.

He said, "our strategy is a long-term strategy, not only to 1999, but we must invest in the future of Macao after 1999", adding that the Macao Government is supporting contacts and links with China.

Chairman of the Industrial Association of Portugal Angelo Ludgero Marques, who led the delegation, told the governor that after their recent visit to Guangdong Province, south China, they have found big opportunities to invest and set up joint ventures in south China. He said, "this is not only a challenge, it has become a reality." the chairman said, next month his association would open an office in Guangzhou and would send another delegation to Macao for business and to support those in China's mainland.

It is learned that in 1993, Portugal exported 230 million Hong Kong dollars (28.8 million U.S. dollars) worth of goods to China, and China's exports to Portugal reached 1.33 billion Hong Kong dollars (about 1.66 billion U.S. dollars) in value.

The delegation visited Guangdong Province from May 27 to June 3 and arrived in Macao for a four-day visit on Friday.

Basic Law's Adoption Guarantees 'Bright Future'

OW0606131594 Beijing XINHUA in English 1258 GMT 6 Jun 94

[Text] Macao, June 6 (XINHUA)—The making and adoption of the Macao Basic Law is advantageous to the maintenance of Macao's long-term social stability and

economic development and also a legal guarantee for Macao's bright future, a Chinese official said here this afternoon.

Chen Ziyang, deputy director of the Hong Kong and Macao Affairs Office of the State Council, made these remarks at a symposium held by the Macao Chinese General Chamber of Commerce.

With the adoption of the Basic Law, Chen said, the next thing to do is how to publicize the law, adding that it is not only important to propagate the Basic Law in Macao, but also important in China's mainland. It is favorable to the implementation of the policy of "one country, two systems", he pointed out.

He continued that in publicizing the Basic Law, every thing to be done during the transitional period must be carried out in convergence with the regulations of the Macao Basic Law.

He said he was convinced that Macao has a bright future, for Macao has such a legal guarantee, support of the motherland, good cooperation between the governments of China and Portugal and the mass of patriotic compatriots.

At the invitation of the Association for Promotion of the Macao Basic Law, a delegation led by Chen Ziyang and Li Hou, former deputy director of the Drafting Committee of the Macao Basic Law, arrived here this morning for a four-day visit.

First Jiangsu Commodities Fair Opens at Exhibition Center

OW0606131894 Beijing XINHUA in English 1239
GMT 6 Jun 94

[Text] Macao, June 6 (XINHUA)—A six-day export commodities fair the first ever before held by east China's Jiangsu Province opened at the Macao Exhibition Center this afternoon.

Exhibits coming from 69 trade enterprises and joint ventures of the province cover silk and textile products, light industrial and electronic products, arts and crafts, chemicals, machinery, foodstuffs and agricultural and sideline products.

Jiangsu is one of the economically-developed provinces in China. In 1993, the province's total gross domestic product reached 255 billion yuan (28.3 billion U.S. dollars), 18.5 percent more than that of the previous year; the total industrial and agricultural output value stood at 768.2 billion yuan (85 billion dollars), which also marks a large increase margin over 1992.

Meanwhile, Jiangsu has set up an industrial network covering textile, light industry, machinery, electronics, petrochemistry and building materials, the output value of which accounted for 80 percent of the province's total.

Exporting more than 1,000 varieties of commodities, Jiangsu Province has established trade relations with 159 countries and regions worldwide. The province exported 5.96 billion dollars in 1993, 1.3 billion dollars more than that in 1992; imports totaled 2.73 billion dollars, increasing by 72.96 percent over 1992.

The province's exports to Hong Kong last year reached 1.49 billion dollars, up 20 percent over 1992.

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